Austria	Sch 28	Indonesia	Rp 3100	Philippines	Pes 20
Bahrain	Din 0.650	Israel	IS 3.50	Portugal	Esc 100
Belgium	BFr 45	Italy	L 1500	S. Arabia	Rls 6.00
Canada	C$1.00	Japan	Y600	Singapore	S$ 4.10
Cyprus	C£0.75	Jordan	Fils 500	Spain	Pta 125
Denmark	DKr 9.00	Kuwait	Fils 500	Sri Lanka	Rup 30
Egypt	E£1.50	Lebanon	£L 50.00	Sweden	SKr 8.00
Finland	Fmk 7.00	Luxembourg	LFr 45	Switzerland	SFr 2.20
France	FFr 8.50	Malaysia	Rin 4.25	Taiwan	NT $65
Germany	DM 2.20	Mexico	Pes. 300	Tunisia	Din 0.650
Greece	Dr 80	Morocco	Dh 6.00	Turkey	L 350
Hong Kong	HK$ 12	Netherlands	Fl 3.00	U.A.E.	Dh 6.50
India	Rup. 15	Norway	Nkr. 7.00	U.S.A.	$1.00

FINANCIAL TIMES

EUROPE'S BUSINESS NEWSPAPER

No. 30,181 Wednesday March 11 1987 D 8523 B

West German coalition: centre feels the squeeze, Page 18

World news

UK and France unveil arms pact

Britain and France announced potentially far-reaching plans for co-operation on arms purchases and on nuclear issues – reinforcing bilateral links recently forged by the two countries' joint purchase of Boeing Awacs radar aircraft.

The announcement came at the close of a two-day meeting in Paris of the French and British defence ministers. It opens a fresh chapter in bilateral defence co-operation between the two countries which had drifted apart in recent years on arms procurement. Page 20.

US weapon tests

The US Defence Department announced plans to conduct three air-launched anti-satellite weapon tests against space targets, starting in October. It would also investigate a new ground-launched system. The accelerated military space programme would allow the US to destroy key Soviet military satellites in a war.

Bonn's programme

West Germany's centre-right coalition agreed a four-year government programme to boost the economy, tighten law and order and safeguard the environment. Page 3

Afghanistan progress

Differences between Pakistan and the Afghan Government over the withdrawal timetable for 115,000 Soviet troops from Afghanistan were "significantly narrowed," the UN mediator said.

Geneva arms talks

American and Soviet negotiators resumed talks in Geneva aimed at a treaty removing medium-range nuclear missiles from Europe.

Bangladesh violence

Police in Dhaka fought running battles with students trying to bury a dead leader killed in a bombing – as a nationwide protest strike and hundreds of bomb blasts paralysed Bangladesh.

Beirut fighting

Palestinians and Shia Moslem Amil militiamen fought with grenades and machine guns in Beirut's Palestinian refugee camps. Four people were reported killed.

Intelligence curb

US Defence Secretary Caspar Weinberger has ordered the Pentagon to restrict its co-operation with Israel, a Jerusalem newspaper said. Page 4

Ship blast kills four

Four seamen died when ammunition on a Portuguese warship exploded in the Azores islands, 1,000 miles off Portugal. Twenty men were injured and one was missing.

Beer battle looms

West Germans prepared for a ruling by the European Court of Justice that would allow foreign ales treated with chemicals and additives into the country for the first time.

Aircraft shot down

Honduran combat jets shot down an unidentified C-47 transport aircraft near El Salvador after it entered from Nicaragua and flew over Tegucigalpa, ignoring calls to identify itself.

Lawyers strike

Several hundred lawyers at Italy's biggest Mafia trial – in Palermo, Sicily – began a strike in protest against an extension of the hearings to six days a week.

Business summary

Ferruzzi boosts stake in chemicals

FERRUZZI, Italian agro-industrial group, is paying L320bn ($243m) to boost its shareholding in the Montedison chemicals concern from 27.6 per cent to more than 37 per cent. Page 21

W. R. GRACE, US chemicals and natural resources group, suffered a fourth-quarter operating loss of $402.4m after taking a $589.8m charge for restructuring, compared with $22m profit a year earlier. Full-time loss was $375.4m against $87.6m profit in 1985.

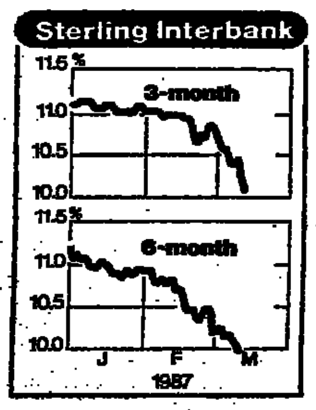
DE BEERS, South African mining group, produced record revenues and profits from diamonds for 1986 following two price rises for the gemstone, reduced inventories and bigger sales volumes. Page 21

WALL STREET: The Dow Jones industrial average closed up 19.97 at 2,280.09. Page 48

LONDON: The securities markets recovered strongly on the view that further reductions in interest rates could not be long delayed. The FT-SE 100 index closed 14 higher at 1,987.7 and the FT Ordinary index was up 10.1 at 1,586.4. Page 48

TOKYO: Aids-related issues surged in active trading that took the market to a new peak. The Nikkei average advanced 48.06 to 21,214.48. Page 40

Sterling Interbank



EQUITIES and gilts were boosted by hopes of a further cut in base lending rates after the budget, but sterling slipped slightly in response to this week's half-point reduction by the banks. The three-month sterling interbank rate on the London money markets eased to 10⅛ from 10¼.

DOLLAR closed in New York at DM 1.8555; SFr 1.5640; FFr 6.1745 and Y153.725. It rose in London to DM 1.8555 (DM 1.8550); and to FFr 6.1750 (FFr 6.1725); but fell to Y153.80 (Y153.80); to SFr 1.5625 (SFr 1.5650). On Bank of England figures the dollar's exchange rate index fell to 104.3 from 104.5. Page 33

STERLING closed in New York at $1.5865. It fell in London to $1.5845 ($1.5880); to DM 2.9400 (DM 2.9450); to Y243.50 (Y244.25); to SFr 2.4750 (SFr 2.4850); and to FFr 9.7850 (FFr 9.8025). On Bank of England figures the pound's exchange rate index remained unchanged at 72.1. Page 33

GOLD rose $1.50 to $406.00 on the London bullion market. In Zurich it also rose to $405.25 ($404.75). Page 32

RABOBANK, Dutch co-operative bank, raised 1986 earnings by 2½ per cent to Fl 685m ($326m) from last year's Fl 668m despite higher costs, due primarily to a cut in loan loss reserves. Page 21

GULF & Western, US services conglomerate, has reported a doubling of net income in the first quarter ending January thanks to a strong performance by its Paramount motion picture operation. Page 21

HONGKONG and Shanghai Bank intends to raise HK$3.3bn (US$423m) through a rights issue. Profits for 1986 were up 12.4 per cent at HK$3.06bn. Lex, Page 20; Details, Page 23

CHINA'S wheat imports are likely to rise significantly this year, contrasting sharply with the emphasis placed by Chinese leaders on grain self-sufficiency. Page 32

Currency fraud costs Volkswagen DM 480m

BY PETER BRUCE IN BONN

ONE of the biggest ever currency frauds has obliged Volkswagen, Europe's biggest car producer, to make provision for a loss of DM 480m ($259m) in its 1986 accounts.

Making the announcement yesterday, the group said it believed the people involved were primarily outside the company, although the fraud, which was not detailed, may have involved inside assistance.

VW said it would maintain unchanged its DM 10 dividend per nominal DM 50 share for the year, while group net profits would be largely unchanged from the DM 595.6m recorded in 1985.

News of the loss was released just before Frankfurt market trading closed and shares in the Wolfsburg-based group fell 5 per cent on the day to close at DM 333. One Frankfurt banker was quoted as saying that the report would hit VW's reputation in the financial markets.

VW is expected to brief its shareholders and the markets thoroughly on what happened but full details were not being given last night.

The company said that, "strong suspicions have emerged of punishable acts in connection with currency transactions. The hedging of currency positions at a time when the dollar was higher was feigned. On the basis of current information it is possible that documents about the hedging were falsified.

VW said it had laid charges of suspicion of fraud, breach of trust and falsification of documents with prosecutors.

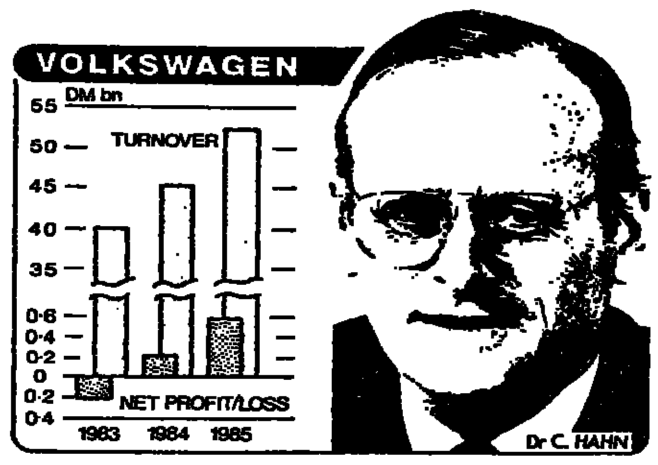
A West German financial newsletter reported in November that VW was in trouble over its currency dealings in the US. The newsletter, Der Platow Brief, said then that VW had unhedged open dollar positions worth $2.3bn to $2.5bn.

These were allegedly being booked by the company at a dollar exchange rate of DM 2.20 to DM 2.25 although the actual exchange rate was around DM 2.04 to the dollar. The difference, a reduction in real value of about 10 per cent was suggested to be worth about DM 450m.

A rise in the value of the dollar would have eased VW's predicament but the US currency continued to fall. It was not possible last night to discover why, or if, as much as $2.4bn had been left uncovered in the US or if cover had been rendered invalid by the falsification of hedging documentation.

Ironically the release of the news may strengthen the position of Dr Carl Hahn, VW's chairman, in the boardroom, by dispelling any lingering doubts about his plan to bring in an 11th board member with a remit to increase co-ordination and clarify lines of responsibility over VW's complicated international operations.

This plan provoked sharp criticism within the boardroom last year and was thought to have been a factor in the decision of Mr Rolf Selowsky, the finance director to step down when his contract expires this summer.



Daimler-Benz strengthens top rung, Page 21; Vauxhall hopes, Page 14

European Airbus plans face growing difficulties

BY DAVID MARSH IN BONN AND MICHAEL DONNE IN LONDON

EUROPEAN aerospace companies' plans to build a new generation of Airbus airliners, the A-330 and A-340, are running into increasing difficulties because of hesitancy about backing the project financially from international airlines and from three European governments.

As top executives prepared to meet for an Airbus Industrie supervisory board meeting on Friday in Toulouse, the headquarters of the four-nation manufacturing consortium, officials said that the end-March target date for formally launching the A-330 and A-340 was unlikely to be met.

The project thus risks facing considerable slippage at a time when McDonnell Douglas of the US has been registering strong orders for its MD-11 airliner, a direct competitor to the long-haul A-340.

The French, West German and British governments, which are the main paymasters for the 17-year old Airbus venture, have, during the last few weeks, reaffirmed political support for the new-generation A-330 and A-340 airliners intended to fly by 1992.

But, with Airbus winning only one firm order so far – from West Germany's Lufthansa – for the new aircraft, governments are still some way from making a decision on providing the $2.5bn to $3bn in state development cash needed to develop the airliners.

Airbus Industrie has been holding talks with international airlines for well over a year on the bimotor A-330 and the four-engine A-340. It has said it would like five "launch customers" for the aircraft before deciding firmly to go ahead.

Mr Geoffrey Pattie, the UK minister responsible for aerospace, has made clear to British Aerospace, the UK partner in Airbus, that it will have to wait a few more weeks before a decision is made on launch aid for the A-330/A-340.

BAe has put in a request for £750m ($1.2bn), although the company has always been thought unlikely to receive the entire amount.

French and German government officials also say that Paris and Bonn do not yet consider the project ripe for a decision.

One senior French official said Paris was determined to go through with backing the A-330 and A-340 but the timing would depend on airline companies' decisions. "We will not launch the aircraft if we are not sure that it is economically viable... Today, it is not viable," he said.

The Bonn Economics Ministry is waiting not only for more launch customers but also for a financial restructuring at Deutsche Airbus, the German partner in the consortium, before deciding formally to support the project, a spokesman said yesterday.

Airbus Industrie, owned by the main aerospace groups in France, West Germany, Britain and Spain, regards the A-330/340 project as essential to Europe's long-running efforts to stand up to the dominance of Boeing of Seattle in the world airliner market.

The political stakes have risen greatly following intense US criticism, designed to dissuade official funding of the A-330/340, that European Airbus support contravened international fair trading rules. These protests were rebuffed by all three European Governments last month.

At Friday's Toulouse meeting, to be chaired by Mr Franz Josef Strauss, the Airbus supervisory board chairman, the consortium is likely to review airliner interest in the A-330 and A-340. But the meeting will also take stock of the latest welcome flow of orders for Airbus's existing wide-body jets as well as for the new narrow-body A-320 which made its maiden flight last month.

Boeing steps up output, Page 11

Narrow win for Haughey

By Hugh Carnegy in Dublin

MR CHARLES Haughey, leader of the Fianna Fail party, last night became Irish Prime Minister for the third time, but he had to rely on the casting vote of the Speaker to secure a majority in parliament.

His election, in doubt since Fianna failed to win a parliamentary majority in last month's general election, was assured when Mr Tony Gregory, a socialist independent from Dublin, told a tense Dail (lower house) that he intended to abstain because another election "would most likely drive the country into the grip of the hard right." It was feared Mr Gregory might vote against Mr Haughey, who would then have been forced to call another election.

The vote on Mr Haughey's nomination was tied at 82-82, with another independent, Mr Neil Blaney from Donegal, announcing that he would support Fianna Fail, as expected. The newly appointed Speaker, Mr Sean Treacy, then declared he would cast his decisive vote in favour of the Fianna Fail leader.

Continued on Page 20

Iran sells Deutsche Babcock stake to West German banks

BY HAIG SIMONIAN IN FRANKFURT

THE IRANIAN Government has sold its 25.2 per cent stake in Deutsche Babcock, the West German heavy engineering group, to a consortium of West German banks for DM 286m ($154m).

The consortium, led by Westdeutsche Landesbank (WestLB), yesterday began placing the shares and said nearly half had been placed, mainly with institutional buyers, by yesterday afternoon.

The Iranian disposal comes only weeks before a large rights issue by Deutsche Babcock, which is expected to raise between DM 200m and DM 300m. It is thought that the Iran Government's decision to sell its Babcock stake, which it has held since the beginning of the oil price boom, may have been influenced by currency uncertainties and news of the rights issue.

"Iran was most likely either unwilling or unable to pay out the extra cash required," one analyst said. "The Iranians may also have wanted to benefit from the Deutsche Babcock's firm equity price."

The 1.26m voting shares in the company, worth a nominal DM 63m, were sold to the Iranians by Babcock and Wilcox of the UK in March 1975 for DM 178.3m. The stake gave Iran 33.6 per cent of Deutsche Babcock voting rights.

The other three banks in the consortium are Deutsche Genossenschaftsbank, Commerzbank and Westfalenbank. It said it was seeking long-term domestic and foreign buyers. Babcock's remaining 5m shares are in the hands of about 20,000, mainly West German, investors.

No indication was given of the placing price, but analysts expected a sizeable discount on yesterday's closing price for Deutsche Babcock shares of DM 227, down DM 11.50 on Monday's level.

The group's profits have been under pressure in recent years because of problems with foreign contracts, notably in Saudi Arabia, and, more recently, because of the strength of the D-Mark. However, the company has restructed, and it is now the market leader in West Germany for certain types of pollution control equipment.

The Iranian authorities have been talking to various banks about a disposal since the middle of last year, according to Deutsche Babcock. The company had been kept abreast of the Iranian Government's intentions, Mr Klaus Schoettle of Deutsche Babcock said.

Background, Page 21

Radical reforms planned for French bourses

BY GEORGE GRAHAM IN PARIS

FRANCE'S stockbrokers are to lose the monopoly over the trading of French shares which they have enjoyed since the time of Napoleon.

Mr Edouard Balladur, Finance Minister, yesterday announced a major reform of the structure of the French stock exchanges which will gradually allow French and foreign banks to buy into stockbrokers capital. It will culminate in 1992 with the ending of the 180 year old monopoly.

Brokers will in turn be able to broaden their activities into other financial markets and transform themselves into complete investment banking operations.

Mr Balladur said yesterday that the French stock market had already adapted rapidly in the face of trading volume which had multiplied by 38 over the last 10 years to FFr 2,085 bn ($339bn) last year. However, much remained to be done in the face of competition from Switzerland, West Germany and especially the UK.

Some dealers estimate that as much as 15 per cent of the daily turnover in French stocks now takes place in London, where six major brokers make a market in the leading French shares, without ever passing through the Paris exchange.

By allowing French brokers to reinforce their capital, the reform announced by Mr Balladur is expected to improve their ability to take large positions in stocks and boost the often inadequate liquidity of the Paris market.

The planned reform, which is expected to be put through the French parliament this year, will open up the capital of the 45 Parisian and 16 regional stockbroking firms in three stages.

From January 1 1988, up to 30 per cent of a firm's capital will be allowed to be held by outsiders. From 1989, up to 49 per cent will be open and from 1990, 100 per cent.

Mr Xavier Dupont, chairman of the French stock exchange, said yesterday that outside investors would be vetted by the stock exchange corporation and by the French Treasury.

Only banks would be allowed in, but the term bank would be interpreted very broadly, and stockbroking firms would also be able to float a small proportion of their capital publicly.

Mr Dupont said the reform did not mean an end to the fixed scale of commissions applied to small French investors and to foreign institutions.

"I am not at all enthusiastic about letting banks into our capital just in order to move to a zero scale of commissions. If that happens, I will pack up immediately," Mr Dupont said.

The reform aims to preserve the principle of a centralised market, although changes already introduced mean that over 50 stocks are now traded on computer without passing through the floor of the stock exchange.

After 1992, when the stockbrokers' monopoly ends, securities dealers will have to apply for recognition by the French Stock Exchange Council, which will take the place of the current stock exchange corporation.

The announcement of the reforms was welcomed yesterday by French banks, who have fought to win direct access to the bond markets but have found the continuation of the stockbrokers' monopoly on share trading increasingly irksome.

The French Government is planning to open up to competition about 40 per cent of the country's telecommunications monopoly. Legislation on competition in telecommunications services will be put before parliament in the autumn. Page 20

Background, Page 24

UK shares up, £ down

HOPES of another cut in Britain's base lending rates after next Tuesday's budget boosted UK Government bonds and equities yesterday, writes Janet Bush in London. Sterling, however, fell back slightly under the weight of this week's half-point interest rates reduction to 10½ per cent by the banks.

On the equity market, the FT-SE 100 index closed 14.0 higher at 1987.7 and the FT Ordinary index ended 10.1 up at 1586.4. Sterling closed modestly lower at $1.5845 compared with Monday's closing $1.5880. The Bank of England's trade weighted index ended at 72.1 compared with Monday's closing 72.4.

Foreign exchange dealers said, however, that there was still a large measure of confidence in sterling based on high hopes that the budget would include not only substantial income tax cuts but also a lower target for public borrowing.

CONTENTS

WHY THE GERMANS GIVE HEROES A HARD TIME

Tennis star Boris Becker, like other West German sporting stars, fell from grace when he shed his good boy image, Page 2

Car sales in Italy at record

By John Wyles in Rome

THE CONTINUING strength of consumer demand in Italy is being reflected in record car sales, which in January and February leaped by nearly 5 per cent over the same period last year.

Bi-monthly sales totalled 345,666 vehicles compared to 329,888 in 1986. Domestically produced cars strengthend their grip on the home market with a 61.1 per cent share against 60.7 per cent.

But the figures reveal slightly mixed fortunes for Fiat. Its Fiat, Lancia and Autobianchi marques pushed up sales by 13,824 units but the troubled Alfa Romeo, which became part of the group in January, saw sales fall from 22,952 to 20,789.

Among foreign producers, Renault, Volkswagen, Ford and Citroen-Peugeot all managed small increases, while Opel, SEAT, Austin Rover, BMW and Volvo all fell short of last year's two-month total.

Overall, the car market is retaining the strength which took sales to a record 1.825m last year. The broader implication seems to be that consumer demand is towing the Italian economy in much the same way that it did last year, thanks to a 4 per cent rise in disposable incomes.

This year's increase could be much the same allowing for wage drift.

Bid to relaunch Europa satellite TV station

BY RAYMOND SNODDY

PLANS ARE under way to launch a European satellite television weather channel and revive *Europa, the satellite* television channel which collapsed last November.

The Dutch telecommunications authority has announced that Meteocast, an Anglo-Dutch company can have Europa's old satellite channel during the day for a continuous weather channel and that a reformed Europa consortium can have the *use of the satellite capacity* in the evenings.

Parallel Media, the British sports sponsorship and television company, previously West Nally, is increasingly optimistic that Europa can be revived if the *right business and programme* structure can be found.

The company has an option agreement to manage Europa, which would concentrate largely on sports and news coverage. Mr David Cicltira, managing director of Parallel, says that more than £25m in funds are available for the project.

"The money is not the difficult thing. They have to create a structure that works but they are moving in the right direction," Mr Cicltira said.

Europa, Europe's only public service broadcasting satellite channel created by five national broadcasters, collapsed after running through its initial funds more quickly than expected and attracting insufficient advertising. The new consortium includes RAI of Italy, RTE of Ireland, and RTP of Portugal.

Other members of the European Broadcasting Union are believed to be interested in supporting the project. Mr Vittoria Boni, director of international affairs at RAI who has played a key role in attempts to revive Europa, confirmed yesterday that there have also been talks with the BBC, ZDF of West Germany and Antenne 2 of France.

Mr Boni has had talks with Mr Alasdair Milne, the former director general of the BBC and hopes to contact his successor, Mr Michael Checkland, to persuade the BBC to supply programmes to a revived Europa.

Enormous efforts are being made to save Europa because it is a way into the "new media" for existing broadcasting organisations and because it is due to transfer to the European Space Agency's direct broadcasting satellite Olympus when it is launched in about two years.

Meteocast hopes to launch its European satellite weather channel towards the end of this year. It will take the form of a continuously updated 15 minute weather programme which will run for 13 hours a day. The programmes, *to be* funded by sponsorship money, will use satellite weather pictures and graphics rather than studio presenters to portray the state of Europe's weather.

Summit marks new peak in Franco-Spanish relations

BY DAVID WHITE IN MADRID

A REMARKABLE "honeymoon" in relations between France and Spain—*traditionally* not the best of neighbours—is due to culminate with a new-style bilateral summit meeting starting today.

President Francois Mitterrand, who in accordance with the rituals of French *political* "cohabitation" will be joined in Madrid by Mr Jacques Chirac, his Prime Minister, can expect a very different reception from the cool welcome he received when he first visited Spain five years ago.

Spain's current wave of strikes spread to state hospitals yesterday with doctors protesting against run-down medical services and a lack of government spending on health care, Reuter reports from Madrid. All of Madrid's state hospitals were operating only emergency services and there were similar stoppages in the provinces.

In unconnected strikes, 50,000 metalwekers in the northern province of Guipuzcoa downed tools demanding a 9 per cent pay rise this year and a shorter working week.

The meeting raises France's contacts with its southern *neighbour to a status* comparable to those it maintains with West Germany, Britain and Italy. The principle of annual summits, one of the results of *King Juan Carlos's landmark* visit to France in 1985, reinforces the regular inter*ministerial meetings which the* two countries started holding four years ago in orders to bridge their differences.

Spanish distrust of France, which reached a peak during the Giscard d'Estaing presi*dency, and French exasperation* in dealing with the Spanish have been largely overcome following Spain's accession to the EEC last year and the recent clampdown by France on Eta Basque terrorist suspects, more than 40 of whom have been handed over to the Madrid authorities.

The sanctuary enjoyed by Eta north of the border, back*pedalling by Paris over* EEC enlargement, and attacks on trucks carrying Spanish farm produce had been the main irritants in bilateral relations.

Spanish fears about the election of a centre-right Govern*ment in France last year*, particularly after Mr Chirac's citicism of the enlargement terms, have given way to an unexpected blossoming of relations.

The Madrid talks, which are *also* due to be attended by Mr Edouard Balladur, the French Economy nad Finance Minister, Mr Jean-Bernard Raimond, Foreign Minister, and Mr Andre *Giraud, Defence Minister*, are expected to focus on EEC issues and co-operation projects, including theu ndecided question of which partner Spain will take a $2bn army tank programme.

A blaze of affection and publicity from the West German press can prove fatal if the object of all the attention turns out to be only human after all, Peter Bruce reports

Kiss of death for media heroes

THE West Germans can be hard on their heroes. Take Harald "Toni" Schumacher, for example.

By the time the West German football team went to Mexico for the World Cup finals last summer most of the country, including the team manager, had written them off as a bunch of *no-hopers*.

Once there, the warring manager and players gave conflicting interviews to the same newspaper. There were reports of wild sex parties. When the Danes beat them 2—0 in the first round, most West Germans seemed strangely resigned to it.

The fact that West Germany made it to the final was due in large measure to the fine goal*keeping of Toni Schumacher*, the captain and badly-shaven loudmouth who seldom failed to live up to his boasting when he went onto the field. He was beaten in the end by an Argentine wizard, but by then West Germany *was* walking *on air* in disbelief at its wonderful team and its remarkable goalkeeper.

Late last month Toni published a *book, Kick-off, and as* is often the case with potentially boring works he added (or was persuaded to by his ghost writer) a spicy bit to bump up *sales*. There was, said Toni, widespread doping amongst players in the *West German* football league. Revenge was swift and vicious.

After 14 years with F.C. Koeln (Cologne), Schumacher *was immediately* dropped. Then he was fired by the club last week. Then the National Federation banned him and named a new captain. Toni will have to play outside West Germany now, and though he will not be short of offers, it will *hurt*.

Take Boris Becker. Two years ago the nation was at his feet. He was clean-cut and polite to umpires. He won Wimbledon *twice and threw himself* about the world's tennis courts like a playful young lion. The West German breast swelled with every crashing service.

Then he broke the spell and let go Gunther Bosch, his trainer. Bosch, in the local *mind*, was responsible for Boris' success and someone to whom the young man was expected to show endless respect. By spliting with Bosch and staying with *his less lovable manager, Ion* Tiriac, Boris seemed somehow to let the country down.

The mass circulation newspaper Bild, which would once print every word Becker breathed, hardly ever does so *these* days. German television does not follow him as closely. Boris stopped being a nice kid and the magic has gone.

Boris Becker stopped being a nice kid and the magic has gone

Bernhardt Langer, once called "the best German out *of* the sand since Rommel," has none of these problems because the German public neither *follows*, nor understands, *golf*.

But Steffi Graf has set herself up *for a fall* simply by being a very good tennis player. Last weekend in Key Biscayne she beat Martina Navratilova and Chris Evert to become, for the *moment, the best woman player* in the world.

"Steffi — the world *is* amazed," cried Bild on Monday morning. It could be the kiss of death. *If the 17-year-old puts* a foot wrong between now and when she stops playing competitive tennis, she may never be allowed to forget it.

Given their history, Germans today may be (understandably) *hesitant* about lending *too much* authority or even affection to individuals. But Hitler was a politician. Why should athletes be perfect?

Most Western teenagers may know nothing about the war, but when Boris Becker was asked recently why he felt he had to behave better than most other players on the professional circuit he gave a chilling answer: "Because I am German," he said. Is this really 1987?

Czech Jazz Section trial sounds discordant note

BY LESLIE COLITT IN BERLIN

THE CZECHOSLOVAK *authorities* have placed prominent members of the dissident "Jazz Section" group on trial, seemingly oblivious to the embarrassment *it* could cause the Soviet leader, Mr Mikhail Gorbachev, when he visits the country next month.

The five men were charged in a Prague municipal court with "illegal enterprise," which carries a jail sentence *of two* to eight years. Mr Karel Srp, the Jass Section's chairman, and Mr Vladimir Kouril were also charged with preparing to *damage socialist* property, which could result in sentences of one to six years. Two previously accused members, Mr Milos Drda and Mr Vastimil Drda, were said to be too ill to stand trial.

The Chinese Foreign Minister Wu Xueqian ended a three-day official visit to Czechoslavakia yesterday and left for Poland, AP reports from Prague. During his visit, the first by a Chinese Foreign Minister, Wu met Mr Lubomir Strougal, the Prime Minister, who is expected to visit China next month, and by President Gustav Husak. Wu's counterpart, Mr Bohuslav Chnoupek, was in Peking last December.

The increasing contacts between the two countries and the wording of communiques suggest a considerable improvement in relations.

The Charter 77 human rights organisation in Prague said it was the largest political trial since *1979*, when leading Charter members were sentenced for anti-state activities. It could prompt a strong reaction from Western delegates to the Helsinki follow-up conference on human rights being held in Vienna. They *criticised* Czechslovakia last September for harassing the Jazz Section and arresting its leaders.

Mr Srp, a widely recognised *jazz authority, was* led in handcuffs to the courtroom and smiled broadly when cheered by some 200 supporters, who included Mr Vaclav Havel, the prominent playwright and Charter member.

Three *of the defendants* who were released from detention late last year were told to *leave the courtroom* during the questioning of Mr Srp. They were able to give interviews to Western reporters while the police looked on. Three Western *correspondents* were allowed to attend the trial, which is to last for three days.

Defence lawyers said it was impossible to predict the trial's outcome. It was difficult to see, *however*, why the authorities would focus attention on the trial without imposing sentences as a warning to other dissidents. The Prague leadership, however, is divided about the reforms initiated by Mr Gorbachev *in the Soviet Union* and may be at odds over how to deal with the Jazz Section.

The 7,000-member group, formed with the Musicians' *Union in 1971* to promote jazz, was disbanded in 1978 as "counter-revolutionary," but survived until last September because of its recognition by Unesco. The Jazz Section sent a monthly uncensored bulletin to its members, *which incurred* the wrath of cultural officials. It also circulated underground publications with works by critical writers.

Czechoslovak *officials denied* that the five accused were being tried on political grounds. They said they were engaged in illegal economic activities.

Bankruptcy suit in Hungary

THE HUNGARIAN Credit Bank, a state institution, has started bankruptcy proceedings against another state enterprise, in *the first such procedure* under a new law designed to make the closure of insolvent companies easier, AP reports from Budapest.

It has filed a suit against the state building industry company of Veszprem County. The company lost Forints 300m (£4.3m) last year, meaning "there are no further guarantees to improve company management and to repay the previously received loans."

FINANCIAL TIMES

Published by the Financial Times (Europe) Ltd., Frankfurt Branch, represented by E. Hugo, Frankfurt/Main, and as members of the Board of Directors, F. Barlow, R.A.F. McClean, G.T.S. Damer, M.C. Gorman, D.E.P. Palmer, London. Printer: Frankfurter-Societäts-Druckerei-GmbH, Frankfurt/Main. Responsible editor: R.A. Harper, Frankfurt/Main, Guiollettstrasse 54, 6000 Frankfurt am Main 1. © The Financial Times Ltd, 1987.

FINANCIAL TIMES, USPS No. 190640, published daily except Sundays and holidays. U.S. subscription rates $365.00 per annum. Second class postage paid at New York, N.Y. and at additional mailing offices. POSTMASTER: send address changes to FINANCIAL TIMES, 14 East 60th Street, New York, N.Y. 10022.

Reliance on abortion attacked in Soviet press

By Patrick Cockburn in Moscow

THE SOVIET birth rate has started to rise again after a prolonged decline, but abortion not contraception remains the main method of birth control according to a Soviet demographer.

The Soviet Government has been increasingly worried by the birth rate decline, lack of growth in the able-bodied workforce and the increase in the death rate during the 1970s and early 1980s. In 1985 there were 30 per cent fewer Soviet 18 year olds than 10 years before, out of a total population of 281m.

Efforts to increase the birth rate include improved benefits and housing, but Mr Viktor Perevdentsev, an economist, writing in the weekly magazine Ogonyok says that if the present birth rate is maintained "the poulation of the country will soon stop growing, and will grow very old."

He blames the Ministry of Health for a failure to provide contraceptives and the reliance on abortion to prevent births. A survey in the Urals city of Perm showed that out of every 1,000 pregnancies there are 272 abortions, 140 illegitimate births, 271 births in the first few months of marriage and 317 babies conceived after marriage.

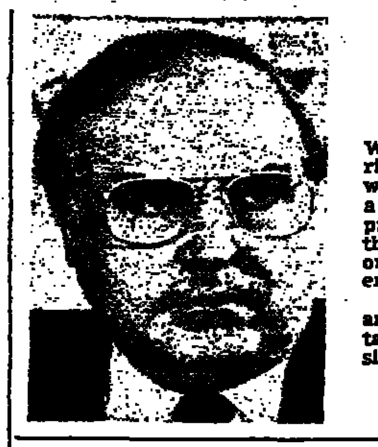
The failure to prevent an increase in the death rate over the past 20 years has been increasingly criticised in the Soviet press as health statistics, suppressed when Mr Leonid Brezhnev was leader, are released.

Although the number of babies born in 1985 was 5.9m compared to 4.8m in 1980 this still means that the average age of the Soviet population is rising sharply.

Failure to provide contraceptives—the contraceptive pill is not manufactured in the Soviet Union—is evidently the result of a crude belief among officials in the past that this would lead to more children being born. In fact it has often led to women having repeated abortions and becoming less able to bear children.

Law and order and environment high on Bonn agenda

BY DAVID MARSH



● Chancellor Kohl (left): "A very good result"

WEST GERMANY'S centre-right coalition yesterday wearily finalised agreement on a four-year government programme designed to boost the economy, tighten law and order and safeguard the environment.

At the end of a laborious and often discordant series of talks covering the six weeks since the January 25 general election, Chancellor Helmut Kohl declared that compromises struck on key issues represented "a very good result."

A split over law enforcement between the two conservative parties in the coalition, Mr Kohl's Christian Democratic Union (CDU) and the Bavarian Christian Social Union (CSU), and the small liberal Free Democratic Party (FDP) was papered over at the last moment.

The cabinet, to be announced later this week, will contain only minor changes compared with the ministerial line-up before the election. The FDP, which gained ground on the conservatives in the election, appeared yesterday to be running into opposition in its demand for a fourth minister (compared with three before) in the new government.

In one of the most emotively discussed questions, the coalition parties agreed on measures to reduce sentences for terrorists who gave avidence against accomplices. However, the FDP managed to resist the conservatives' calls for the wearing of masks at demonstrations to be made a criminal offence.

As one of a number of detailed measures on which the parties failed to agree, this question will be the subject of further talks during the next few months.

The full thrust of the main economic policy move—the DM 44bn (£15bn) tax cut programme to come into effect in 1990—will not be known for some months. This is because decisions on offsetting DM 19bn of the cuts through reductions in subsidies and other revenue-raising will not be made until the autumn.

A total of DM 5bn of tax cuts is to be brought forward to January next year, adding to DM 9bn of cuts already programmed for 1988.

In line with growing sensitivity about ecological issues, the parties agreed to inscribe protection of the environment into the country's Basic Law which amounts to the federal constitution.

● The Federal Statistics Office yesterday said gross national product rose a real 2.4 per cent in the fourth quarter last year compared with 12 months earlier. This was slightly down from its provisional estimate of 2.5 per cent in January.

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Swiss consumer prices rise by 0.3% in month

By William Dullforce in Geneva

SWISS consumer prices climbed by 0.3 per cent in February, moving the 12-month inflation rate to 1 per cent against 0.7 per cent in January and 1.3 per cent in February last year, the Federal Office for Industry, Crafts and Labour reported.

The largest increases during February occurred in the education and leisure, food, drink and tobacco components of the cost-of-living index.

Compared with January, the level of prices for domestic goods rose by 0.4 per cent while that of imports dropped by 0.1 per cent. Over the year to the end of February, Swiss domestic products have advanced 2.5 per cent on average in price

Spain and Portugal challenge EEC butter disposal scheme

BY QUENTIN PEEL IN BRUSSELS

SPAIN and Portugal, the two newest member states of the EEC, are challenging the legality and financing of the Community's Ecu 3.2bn ($ 3.8bn) plan to dispose of more than 1m tonnes of butter on domestic and international markets.

Although the plan is supposed to be approved as a formality by Foreign Ministers next week, the two are threatening to raise the issue in all the EEC institutions – implying even an action in the European Court – unless they get satisfaction.

Their move could prove a major embarrassment to the other member states, who thought the huge financing scheme was the only way to get rid of their unwanted butter "mountain" without bankrupting the EEC budget.

The plan is to dispose of the butter stocks at whatever subsidy is necessary – up to the estimated total of Ecu 3.2bn – in the current year, but only to repay that amount to the member states between 1989 and 1992.

Much of the butter is old and therefore virtually unusable for human consumption. Some 100,000 tonnes have been approved for sale to the Soviet Union at a price of Ecu 225 per tonne, compared with a cost price of Ecu 3.132 per tonne when it was bought into the EEC intervention stores.

The Spanish and Portuguese claim is that by postponing repayment of the subsidy cost to the member states, the EEC is in effect raising a new financial contribution – which requires unanimous approval, and not simply a majority decision

However, their real concern is that they are being required to contribute to the disposal cost of surplus food accumulated before they became members of the EEC.

If the butter stocks were disposed of and paid for in the current year, they say, the cost would be mitigated because Spain and Portugal currently get a 70 per cent rebate of their budget contributions. By 1989, that rebate will be reduced to 40 per cent, and by 1992 to zero. So postponing payment raises their share in it.

Vatican attacks artificial means of conception

THE VATICAN issued a major policy document yesterday attacking test tube fertilisation and other methods of artificial conception as immoral and warning scientists not to usurp God's power over life and death, Reuter reports from Vatican City.

The long-awaited document, the Vatican's most comprehensive yet on "bioethics," or medical morality, in life's early stages, also calls for laws regulating biomedical practices to avoid "unforeseeable and damaging consequences for civil society."

It calls for penal sanctions to "forbid that human beings, even at the embryonic stage, should be treated as objects of experimentation, be mutilated or destroyed with the excuse that they are superfluous or incapable of developing normally."

Arms talk turns to shorter range

BY ROBERT MAUTHNER, DIPLOMATIC CORRESPONDENT

MR MAX KAMPELMAN, the chief US arms control negotiator, said yesterday that it had not yet been finally decided which shorter-range nuclear weapons would be involved in a deal with the Soviet Union on the elimination of medium-range missiles from Europe.

"The question of where to draw the line is something we are still discussing with our Nato allies and we have also begun to discuss it with the Soviet Union," Mr Kampelman said in a Worldnet satellite TV news conference linking Washington with several European capitals.

Mr Kampelman said that Soviet SS 12 and SS 23 missiles with ranges between 500 km and 900 km were certainly among the missiles for which the US wanted to negotiate "proper constraints."

The Soviet Union had agreed on the principle of equality for shorter-range intermediate nuclear forces (SRINF), but how this was to be achieved had still to be negotiated. One of the options was that the number of Soviet missiles should be frozen at their present or lower level and that the West should match that number by increasing its own missiles.

Mr Kampelman also said that no solution had yet been found for the problem of where the Soviet Union would site its remaining 100 SS 20 medium-range missiles which an INF agreement would permit them to keep in Soviet Asia.

Moscow claims that Soviet Asia begins at the 80th meridian just east of the Urals, but Nato countries fear that this would still bring them within range of Western Europe and want them to be sited further east.

Mr Kempelman said the US was not looking for an agreement in the INF area. He hoped that movement in this field would prove "contagious" and affect progress in the talks on reducing strategic nuclear weapons as well.

At President Ronald Reagan's summit meeting with Mr Mikhail Gorbachev in Reykjavik last October there was already general agreement on a reduction of 50 per cent of strategic weapons over five years, leaving each side with 1,600 launchers and 6,000 warheads. But the problem of sub-limits still had to be resolved.

Mr Kempalman was sceptical about US Senator Sam Nunn's proposal that final reductions of medium-range nuclear missiles should be made subject to an agreement on the reduction of conventional forces. It had already been difficult enough to break the Soviet link between an INF agreement and other aspects of arms control, such as the US Strategic Defence initiative. Now that had been achieved, it would probably be unwise to add another burden to the negotiations.

Afghan-Pakistan differences narrow over troop pull-out

BY WILLIAM DULLFORCE IN GENEVA

DIFFERENCES between Pakistan and the Afghan government over the timetable for the withdrawal of some 115,000 Soviet troops from Afghanistan have been "significantly narrowed," Mr Diego Cordovez, the UN mediator, said here yesterday. Further movement towards an Afghan peace settlement now depended on the US and the Soviet Union, the "designated guarantors" of the settlement.

Bilateral US-Soviet talks, which are expected to include the Afghanistan issue, will start next week with the visit to Moscow of Mr Michael Armacosa, the US Under Secretary of State for political afairs. They will continue when Mr George Shultz, the US Secretary of State for political affairs. Shevardnadze, his Soviet counterpart, meet in the Soviet capital in April with nuclear disarmament topping the agenda.

A gap of "less than one year" over the speed for the Soviet pull-out separates the Pakistanis and Afghans after each side had twice changed position during 13 days of indirect contacts in Geneva, Mr Cordovez said. Progress in the latest session of the peace talks had been "very encouraging" and showed a "convergence of intentions" towards a settlement.

When the talks first focused on the timetable last May, the gap was 45 months. By August it had shortened to 32-33 months with Pakistan still insisting on a Soviet withdrawal in three to four months.

Mr Cordovez would not be more precise but diplomats said the Soviet Union had retreated from its starting point of four years to an 18-month timeframe, while Pakistan had extended its deadline to seven months.

Still at stake and omitted from the UN mediator's brief is the crucial question of what kind of regime should govern Afghanistan once the Soviet forces have left. The opposition Mujahedin guerrillas, which receive US support, refuse to recognise the Soviet-backed government in Kabul.

Howe urges Hungary to copy UK

BY ROBERT MAUTHNER, DIPLOMATIC CORRESPONDENT

SIR GEOFFREY HOWE, the Foreign Secretary, yesterday urged Hungary to follow Britain's Conservative Government down the road of free market economic policies which, he said, had radically transformed the economic prospects of the UK.

The Foreign Secretary was speaking to an audience of 250 guests at the Hungarian Academy of Sciences in Budapest who, as citizens of a country that has been in the forefront of economic reform in Eastern Europe since 1968, clearly had some sympathy for the speaker's views.

Sir Geoffrey said that the British economy which, for years, had suffered from chronic labour immobility, over-manning, over-regulation, complacent management and short-sighted trade unions, had been completely turned round in the last eight years.

For the first time for years, Britain was now out-performing its leading competitors in many sectors, not only in international banking and finance, but also in industry.

Respect for the logic of free markets was not just a Western vision. It was not incompatible with a Socialist vision of society. The discipline and incentives of the market had provided the dynamo which had enabled China to achieve its "Green Revolution." The main benefit which a freer market brought any society was political as well as economic. "It gives that society a framework for absorbing and responding to change without stifling it."

If the Western European countries could achieve anything like as open and buoyant a trading relationship with Eastern Europe as they had created within the European Community, there would be less mutual suspicion. The political benefits would be immeasurable.

Sir Geoffrey's speech came at the end of a two-day official visit to Hungary during which he has had talks with Mr Janos Kadar, the Hungarian Communist Party leader, and Mr Peter Varkonyi, the Foreign Minister.

OVERSEAS NEWS

Weinberger 'acts to curb intelligence sharing with Israel'

BY ANDREW WHITLEY IN JERUSALEM

MR CASPAR WEINBERGER, US Defence Secretary, has acted to restrict intelligence sharing with Israel and to hold up bids by Israeli companies for US military contracts, according to Israeli politicians.

The reported action by the Defence Secretary, regarded in Jerusalem as the least sympathetic member of the Reagan Administration to Israel, comes in the wake of the life sentence given to Mr Jonathan Pollard, the US Navy intelligence analyst, convicted of spying for Israel.

The Israeli cabinet is due to hold an emergency meeting today to debate the repercussions of the Pollard affair which has badly strained the usually close bilateral relationship.

Mr Yehoshua Maori of the Israel-US Chamber of Commerce, said yesterday the chamber had heard about the difficulties Israeli companies are apparently facing in the US and was seeking urgent explanations.

The Defence Ministery in Tel Aviv said, however, that it was unaware of the problem.

With continuing pressure from public opinion and the Knesset (parliament) for a full disclosure of the extent of the Government's knowledge about any Israeli spy ring in the US, senior cabinet members from both Labour and Likud have closed ranks against demands for an indepedent inquiry.

"There is no need for a commission of inquiry," the hard-line Prime Minister has said. In characteristic fashion, Premier Yitzhak Sham commented: "What happened is usually known to those who should know—and whoever does not know should continue not knowing."

Heading the resistance to any further disclosures over what is, by common consent, a highly embarrassing affair, is the so-called "Prime Minister's club" made up of Mr Shamir of Likud, and his predecessors, Mr Shimon Peres, the Foreign Minister, and Defence Minister Yitzhak Rabin, both of Labour.

Challenging the trio is the influential figure of Mr Abba Eban, Israel's elder statesman, who heads the Knesset Foreign Affairs and Defence committee.

Serving notice that parliament is not prepared to let the matter slide, Mr Eban said yesterday his intelligence sub-committee would be taking up the case.

The sub-committee, which meets behind closed doors, is expected to hear Mr Rabin's account tomorrow.

Meanwhile, Israel is expected to feature uncomfortably prominently in a forthcoming US State Department report to Congress on countries maintaining arms links with South Africa in defiance of international embargoes.

The report will be formally presented by President Ronald Reagan on April 1, in compliance with legislation passed by Congress six months ago, and its findings are likely to aggravate a relationship already badly strained by "Irangate" and the Pollard affair.

Israeli politicians have belatedly woken up to the danger presented by the South African issue which, if untended, could at worst lead to a cut-off in US military aid to Israel, running at \$1.8bn (£1.3bn) a year.

"There is a problem," admitted Mr Ehud Olmert, a senior Likud politician close to Prime Minister Shamir, "and sooner rather than later, we shall have to address overselves to it."

Over the past decade, the Israeli defence industry has developed a broad web of contractural relations with its South African counterparts ranging from the construction under licence of missile boats to reputed nuclear weapons corporations.

But faced with official denials of any arms sales to Pretoria, concrete details of the relationship have proved extremely hard to come by — even for the US diplomats charged with drawing up the draft report now being finalised.

Israeli arms experts estimate that the average annual value of the export of hardware and technology probably exceeds \$100m, making it a leading customer for the order-starved Israeli military equipment industry.

Under pressure from the US, Israel now appears to be urgently re-assessing what the Government has always regarded as an important strategic relationship.

'Quit' call to Chief Minister of Sarawak

By Wong Sulong in Kuala Lumpur

A POLITICAL crisis has erupted in the oil and timber-rich East Malaysian state of Sarawak where 28 members of the 48-strong State Assembly are reported to have deserted the Chief Minister, Dato Taib Mahmud.

The 28 have sent a telegram to Dato Taib Mahmud demanding his resignation.

If he refuses to quit, they aim to call on the governor to convene an emergency meeting of the State Assembly, where a vote of no confidence against him would be tabled.

The 28 members, including four members of the nine-member State Cabinet, accused Dato Taib of betraying the cause of the Bumiputras (indigenous groups).

Dato Taib has flown to Kuala Lumpur for consultations with Dr Mahathir Mohamad, the Prime Minister, after calling a news conference in Kuching, the state capital.

Dato Taib heads a government of four coalition parties, which control all the 48 State Assembly seats. The 28 rebel assembly members are from all the four parties, including 16 from Dato Taib's party, Pesaka Bumiputra.

Sarawak, about the size of England, is resource-rich, but under-populated. Its 1.3m population comprise Ibans, Chinese, Malays and some 12 other native groups.

Explosion as Shevardnadze visits Vientiane

AN EXPLOSION shook the Soviet cultural centre in Laos while Mr Edward Shevardnadze, Soviet Foreign Minister, was in Vientiane, the capital of an official visit, Western diplomats said yesterday, AP reports.

The diplomats, said one Laotian guard was reported killed and another injured in the blast outside the centre. It was not known if the blast—"apparently a bomb"—was linked to the Soviet Minister's visit.

No other details were available.

Anthony Robinson reports on a growing self-confidence in the National Union of Miners

S African miners aim for balance of power

THE lodging of a 55 per cent pay claim by the black National Union of Mineworkers a few days after the conclusion of a 10 week strike by thousands of supermarket workers at OK Bazaars, marked the beginning of what promises to be a turbulent year for the South African mining industry and labour relations generally.

The detention of black political activists under the state of emergency has reinforced the isolation of black trade unions as the only legitimate channel for structured black-white negotiations. Inevitably this has led to the unions becoming the standard bearers of wider political and social grievances. Black anger at apartheid has spilled over into rejection of capitalism and the rhetoric of socialism.

In effect the NUM rally at Soweto's Jabulani Stadium to mark the end of the NUM's four day annual congress last week was the biggest political rally since the state of emergency was imposed. An estimated 15,000 delegates and supporters crowded the stadium decked with portraits of Nelson Mandela and other banned leaders and cheered Congress resolutions calling for "a democratic socialist society controlled by the working class" and closer cooperation with "progressive organisations fighting apartheid." Such scenes have not been witnessed for months—and the security forces did not intervene.

This implicit recognition of the unions as a safety valve is in line with the philosophy behind the 1979 Wiehahn Report which lead to the legalisation of black trade unions. It remains the most significant reform of apartheid to date. The question raised by the scale and nature of this year's mining union demands is whether a deal can be reached without strike action and a souring of labour relations.

The union is pressing the Chamber of Mines to start negotiations in April instead of May. But even before the negotiations start it has raised the threat of strike action if, by March 30, the Chamber does not issue a declaration of intent to dismantle the migrant labour and hostel system.

The apparent aim of the union is to gain control over the hostels by replacing indunas, representatives of tribal authority, with elected worker representatives before the negotiations start. It wants the indunas replaced immediately.

Ramaphosa: impressive. Mr Cyril Ramaphosa

Abolition of the hostel system has become a highly emotive issue following the death of 133 miners in faction fighting last year, but replacement of the century-old system within one or two years poses immense practical problems, not least in the accommodation of foreign workers and their families.

Last year the union settled for a revised final wage offer of 23.5 per cent, just over half its original demand of 45 per cent across the board. This year it has upped its starting position to 55 per cent. Mr Cyril Ramaphosa, the union's articulate and impressive general secretary, has made clear however that the demand is not only based on union calculations of the industry's capacity to pay, but also as a way of changing the distribution of income in favour of labour.

Chamber of Mines figures show that overall labour costs as a proportion of total costs have remained remarkably constant at around 45 per cent over the last four years, despite black pay rises over and above inflation. This is partly because in recent years white miners have received increases below the rise in inflation.

Union leaders have become increasingly aware that higher wages are increasing the tendency for the industry to invest in labour-saving mechanisation and it is now demanding the right to be involved in mechanisation plans before implementation. This is part and parcel of the increasingly self-confident union's ambitions to change the balance of power in the industry.

The endorsement at this year's congress of the 1955 Freedom Charter means that the union is formally committed to nationalisation of the mines, a major political risk factor for foreign investors. But Mr Ramaphosa made clear that much work and discussion still had to take place before concrete plans for nationalisation were worked out.

His caution appears to reflect the economic policy re-think now apparently taking place in the African National Congress leadership in exile. While calling for "democratisation of the control and direction of the economy," the latest ANC thinking also recognises the need for policies which "ensure that the wealth of the country increases significantly and continuously."

At present the temptation to milk the mining cow rather than nationalise it still seems uppermost, despite the increasing level of rhetoric.

Row breaks out over HK plan to reform press law

BY DAVID DODWELL IN HONG KONG

HONG KONG government plans to reform local press laws appear to have backfired as political figures and newspaper proprietors have joined forces with local journalists in an eleventh-hour bid to block legislation.

Despite the protests, the new law is expected to pass onto the Statute Book at a meeting of Hong Kong's Legislative Council today, but not without arousing a controversy that will split the Council, and not without warning Peking that many in Hong Kong remain anxious over their future under Chinese rule after 1997.

Government officials appeared perplexed yesterday by the sudden eruption of controversy over legislation unveiled—and blandly debated—as long ago as last December.

They regard it as an irony that a row has broken out over a new law that replaces—and significantly moderates—draconian powers introduced in 1951 when local officials feared that fifth-columnists spilling into Hong Kong from a China that had just fallen to a Communist Government might try to undermine the existing colonial regime and import the revolution.

Having purged from the law almost all the sweeping powers then vested in the Government, just one contentious clause remains—one in which the Government can fine, or imprison for up to two years, anyone who writes "false news" intended "to cause public alarm or disturb public order."

Few expect the existing Hong Kong Government to abuse the "false news" provision—not least because it is answerable to a democratic Government in Westminster. But some have made it clear they have no such confidence after 1997, when Peking assumes sovereignty over Hong Kong.

Pretoria sets stimulatory money-supply targets

BY JIM JONES IN JOHANNESBURG

SOUTH AFRICA's central bank has set mildly stimulatory money supply targets for 1987, aimed both at lifting real economic growth this year and contributing to a gradual decline in the rate of inflation.

In Pretoria yesterday, Dr Gerhard de Kock, the reserve bank governor, said that the bank was targeting M3 money supply to grow by between 14 per cent and 18 per cent between the fourth quarter of 1986 and the fourth quarter of this year.

Dr De Kock said yesterday however, that he did not expect a significant return of business confidence in 1987. The Governor's cautious views on business and consumer confidence are underlined by his expectation that overall, real economic growth will be about 3 per cent for the year.

Dr De Kock says the South African economy has performed particularly well in generating the current account surpluses which have allowed the country to service and repay a portion of its foreign debt.

He was reluctant to elaborate on this year's likely debt repayment agreement, saying that preliminary discussions are at a sensitive point.

However, he said that economic planning is based on continued repayment of debt—"We will not do a Brazil"—and a current account surplus of about R5bn, equivalent to about 5 per cent of GDP.

● A Johannesburg judge yesterday temporarily interdicted police from seizing copies of The Star, the country's largest daily newspaper. The police had objected to an advertisement placed by the Detainees' Parents Support Committee calling for a day of fast in support of political detainees.

Moderates 'could win 40-50 seats'

By Our Johannesburg Correspondent

MODERATE and independent candidates could win between 40 and 50 seats in South Africa's 178-seat white parliament, the opposition Progressive Federal Party claimed yesterday.

It also believes that a moderate alliance could oust the ruling National Party in the next general election, which has to be held in 1989, Mr Ken Andrew, the PFP's federal chairman, said at the unveiling of the party's election manifesto.

The manifesto says the PFP's principal aim is to build an alliance of reform-minded moderates seeking an apartheid-free South Africa, and calls for a new constitution negotiated by all races.

On the other side of the political spectrum, the ultra-right Herstigte Nasionale Party and the Conservative Party have moved closer towards an electoral pact.

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Cruz resignation deals blow to US Contra policy

BY LIONEL BARBER IN WASHINGTON

THE US congress is set to vote today on whether to release $40m for the Nicaraguan Contra rebels. The vote comes amid increasing signs of disarray within the Contra movement, highlighted by Monday night's resignation of Mr Arturo Cruz, the moderate leader.

Mr Cruz's resignation as director of the umbrella United Nicaraguan Opposition (UNO) is a serious blow to Washington's hopes of creating a credible alternative to the Sandinista government in Nicaragua. But the timing of his departure is highly embarrassing for the Reagan Administration.

Mr Elliott Abrams, Assistant Secretary of State and chief architect of the Contra policy, is in the throes of reducing the influence of the mililtary within UNO in order to present a more democratic face to the US Congress—which through its funding power provides the lifeblood for the Contras.

Today's likely vote in Congress is largely symbolic because it concerns the final $40m instalment of $100m of military and other aid already approved last year. Though *Democrats in the House of Representatives* are considering various legislative manoeuvres to block the aid, it is widely believed that Congress cannot muster the two-thirds majority necessary to override a certain presidential veto of any such blocking measure.

Much more important is the battle looming in the autumn when the Administration will present a request for $105m of further aid for the Contras. At present the vote hangs in the balance.

A State Department official attempted to play down the significance of Mr Cruz's resignation. "We hope that Mr Cruz will continue to be in the movement which opposes the totalitarian regime in Nicaragua," he said. "But UNO is not a movement which is dependent on one individual."

Western diplomats said that Mr Cruz was likely to continue to be a player within the Contra movement. They pointed out that Washington could invite him to play a role in a reformed future umbrella organisation for the rebels. "There has obviously been a lot of squabbling but this is far from the end of the story," one diplomat said.

Mr Cruz's resignation could have an adverse effect on the crucial autumn vote on future aid. Many lawmakers have been searching for an excuse to cut off funding for the Contras and Mr Cruz's gyrations could provide them with the let-out.

Mr Abrams and his State Department colleagues must be hoping either for some decisive military success in the field in the spring and summer offensives or for an attractive, convincing reshaping of the leadership if they are to pull off an autumn victory on Capitol Hill.

Departure of moderate threatens unity of rebels

BY PETER FORD IN MANAGUA

MR ARTURO CRUZ'S resignation from the most moderate of the Nicaraguan Contra groups has shocked his rebel colleagues and dealt a serious blow to the movement's bid for unity.

Mr Cruz resigned on Monday from the leadership of the United Nicaraguan Opposition (UNO), the Contras' political umbrella group, complaining of a lack of "pluralism" within the movement, which opposes the Nicaraguan Sandinista government.

"I don't believe I can contribute anything by staying one minute more," Mr Cruz said in a resignation statement addressed to the Nicaraguan people, published yesterday in Miami and San Jose, Costa Rica.

Mr Cruz's separation from the UNO leadership came only three weeks after a rival chief, Mr Adolfo Calero, resigned, in what had been seen as a victory for more moderate Contra factions.

Mr Cruz, however, indicated he felt little had changed, and that Mr Calero's highly conservative Nicaraguan Democratic Force (FDN), the Contras' largest army, retained real power

The UNO's Washington spokesman, Mr Ernesto Palazio, insisted on Monday that "the programme of reforms recently announced by the directors of UNO would continue." But Mr Cruz has clearly lost faith in such a possibility.

Since he joined the UNO in July 1985, Mr Cruz, 63, had often threatened privately or publicly to resign, because of clashes with Mr Calero.

The resignation announcement came after a meeting of the FDN-dominated UNO assembly in San Jose, where Mr Cruz apparently argued that the assembly should renew itself through elections among all Nicaraguan exiles. That call was rejected.

In military terms, Mr Cruz's departure is unlikely to have much impact. The FDN army of peasant youths is committed overwhelmingly not to the UNO, but to its military chief, Col Enrique Bermudez, a former officer in the Somoza National Guard, and to Mr Calero.

Peru economic policy attacked by World Bank

PERU'S economic strategy does not offer good prospects for medium- to long-term growth and is likely to lead to new inflation, according to a confidential World Bank report published yesterday, Reuter reports from Lima.

Appearing in the economic monthly The Pru Report, the assessment said the success of President Alan Garcia's government last year in achieving growth in gross domestic product above 8 per cent "represents gains in the short term at the expense of the long.

Goverment officials had no immediate comment on the report, which advised a reduction in the public investment programme and greater emphasis on the preservation of Peru's export potential.

The report said that although the Government had cut inflation from 250 per cent in the first half of 1985 to under 70 per cent, its stabilisation and reactivation programme was encountering difficulties.

The Government has also broken relations with the International Monetary Fund and has been declared ineligible for new IMF loans.

US television newscasters join picket

TELEVISION personalities, including news anchors Mr Dan Rather and Mr Peter Jennings, joined pickets outside CBS and ABC studios to show solidarity with striking writers and editors, AP reports from New York

The 525 writers and editors called the strike in a dispute over job security with the two big networks and seven network-owned radio and television stations in New York, Chicago, Los Angeles and Washington.

The picketing at CBS, with Mr Rather and "60 minutes" correspondents Ms Diane Sawyer and Mr Ed Bradley participating, was the larger of the demonstrations at the networks.

Brazil debt talks

Mr Francisco Gros, Brazil central bank governor, is to meet key members of its advisory committee of leading bank creditors in New York today, writes Alexander Nicoll.

High on the agenda is expected to be Brazil's $15bn in short-term interbank and trade credit lines, which have been effectively frozen by the central bank.

Canadian share promoter shot dead in hotel foyer

BY BERNARD SIMON IN TORONTO

THE SHADY world of international "boiler room" securities promotion schemes spilled over into bloodshed on Monday night with the murder of a Canadian promoter in the foyer of a leading Toronto hotel.

Mr Guy Lamarche, whom police have linked to Amsterdam-based "boiler room" operations, was gunned down as he arrived at the Royal York hotel for the annual convention of the Prospectors and Developers Association of Canada. The convention, attended by over 2,000 delegates, is one of the highlights of the Canadian mining industry calendar.

The "boiler rooms" flourished by using high-pressure telephone marketing techniques to sell securities to investors in many parts of the world.

Mr Lamarche at one time worked for Capital Gains Research of Amsterdam, one of several companies which aggressively sold shares.

Dutch police, with the co-operation of the Royal Canadian Mounted Police, launched a series of raids last year on Amsterdam boiler shops operated by Canadians.

Babbitt declares candidacy

By Lionel Barber

MR BRUCE BABBITT — the waspish former Governor of Arizona, yesterday became the second Democrat to declare formally his longshot candidacy for his party's 1988 presidential nomination.

Mr Babbitt, whose main challenge is to create a separate identity from the many likely candidates among Democrats, declared on the campaign trail that his first priority would be America's children.

Mr Babbitt's candidacy follows the declaration by Representative Richard Gephardt of Missouri two weeks ago. The current front-runner, Mr Gary Hart — who ran a close second to former Vice-President Mr Walter Mondale in 1984 — has yet to announce his candidacy.

Other democrats expected to enter the race are Senator Joseph Biden of Delaware, Rev Jesse Jackson, the black civil rights leader, and, possibly, the Governor of Massachusetts, Mr Michael Dukakis.

Mr Babbitt, Governor of Arizona for nine years, is the heir to a $20m family fortune. He concentrated yesterday on domestic political themes rather than foreign policy, where he has little experience.

Mary Helen Spooner reports on a debate over just how poor Chile's citizens are

Facade of comfort disguises Chilean poverty

ON A street corner in an upper middle class residential section of Santiago a half-dozen tattily-dressed men walk through the traffic hawing bags of peaches and prickly pears. A few blocks away more street vendors offer roses, dustcloths and packages of biscuits to motorists stopped at the red light.

Chile's official unemployment rate, according to the Government's National Statistical Institute, recently reached the lowest level ever during General Augusto Pinochet's 13½-year-old regime, with 8.8 per cent of the labour force out of work. The number of jobless Chileans enrolled in government work projects for the unemployed, which pay less than minimum wage, has also declined to roughly 4 per cent of the workforce.

Nevertheless, a debate is under way in Chile concerning the precise level of poverty, with government economists and critics of the regime offering conflicting evidence of improvement and deterioration in the lives of the country's underclass.

The United Nations Regional Economic Programme for Latin America and the Caribbean (Prealc) estimates that Chile has a level of underemployment equivalent to roughly 11 per cent of the labour pool, which accounts for one-fifth of the country's gross national product. This group includes street vendors, part-time workers and other semi-employed Chileans whose ranks are not included in the official unemployment statistics.

Father Jose Aldunate, a Jesuit priest working in a low income neighbourhood in western Santiago, estimates that from 40 to 60 per cent of the heads of households in his area do not have steady jobs.

"People are forgetting what stable employment is," he said. "This involves a loss of habit, of personal discipline which will be very difficult to recover. Even if jobs were to suddenly become available, many people around here wouldn't apply for them." Father Aldunate said criminal activity, including prostitution and theft, had increased noticeably in his parish in recent years, especially among youths.

Government economists, on the other hand, detect a diminution in the level of extreme poverty in Chile, from 21 per cent of the population in 1970 to 14 per cent in 1982. Odeplan, the Government planning ministry, based this estimate upon census data on housing conditions, the number of people living in a given dwelling, the existence of plumbing and consumer durables and access to health care, recreation, food and clothing.

Slum dwellers line up at one of the soup kitchens in eastern Santiago.

"Basically, we're defining the extremely poor as those who have no chance of any betterment without some outside intervention," Mr Alejandro Rojas, an Odeplan economist said. "These include the illiterate and severely malnourished. Our goal is to direct the social services to where the need is greatest."

Odeplan officials do not include unemployment in their calculation of extreme poverty, viewing joblessness in most cases as a temporary situation.

However, although the level of severe poverty may have diminished in Chile over the past 15 years, there are compelling indicators suggesting that living conditions for the country's lower income groups as a whole have deteriorated.

Wages and salary levels, adjusted in accordance with inflation, are still below what they were in 1970 by roughly 15 per cent. In 1981, the last year of Chile's short-lived economic boom, average salaries had almost recovered their previous levels before falling 15 per cent over the next five years.

United Nations figures for Latin America show Chile's minimum salaries to have fallen more sharply over the past five years than those of most countries in the region,

Santiago's poor neighbourhoods do not have the outward appearance of misery that many other South American slums have. The houses in a Chilean *poblacion* (slum) are usually equipped with electricity and running water. Yet the relative comfort of the dwellings suggests their inhabitants have known better times in the past.

"Many of my neighbours subsist on tea and bread with margarine," Father Aldunalte said. "They may own a television set, but won't sell it because it has become a necessary distraction from their daily problems."

WORLD TRADE NEWS

Control Data signs eight-year computer accord with India

BY TERRY DODSWORTH, INDUSTRIAL EDITOR

CONTROL DATA, the US computer group, has signed the final details of a novel eight-year agreement aimed at accelerating the development of an indigenous computer industry in India.

The deal, under negotiation for three years, is seen as a significant step in the spreading of computer technology to the developing world, where electronics is rarely treated as an investment priority. At the same time, it will give a welcome boost to Control Data's activities after a two-year spell of losses from which it is only just beginning to recover.

Control Data's partner in the transaction will be the state-owned Electronics Corporation of India, which is building a new facility at its plant in Hyderabad for the manufacture of the American-designed machines.

Employees from the Indian company are already undergoing advanced training at Control Data's Minneapolis headquarters on the production techniques and marketing of the computers, which are aimed at a wide variety of applications, including engineering and scientific analysis, the banking industry, transport, education and research.

The eventual aim of the contract is to transfer the entire technology for the manufacture of the computers—the medium-powered CYBER 180 models—to the Indian computer industry. In the current year, however, Electronics Corporation is expected to import about 12 completed machines from the US while building up its capacity in Hyderabad.

Next year, the Indian company is aiming to move into the assembly of the computers from components imported from the US.

These machines will then be marketed by Electronics Corporation under the Medha brand, keeping them distinct from the higher-powered Control Data range which the US company hopes to continue selling on its own account in India.

Ericsson wins Bundespost personal computer order

BY SARA WEBB IN STOCKHOLM

ERICSSON, the Swedish telecommunications and electronics group, has won an order from the Bundespost, the West German telecommunications and postal administration, worth DM 70m ($40m) for personal computers.

Ericsson has agreed to supply 6,000 personal computers which will be used in the Bundespost telecommunications offices across the country. The order was won in the face of competition from 32 personal computer and terminal manufacturers including both Siemens and Nixdorf of West Germany.

The order includes both Alfaskop terminals, which need to be hooked up to a main system, and the upgraded WS-286 personal computers, which can either be used as desktop computers or be hooked up with a main computer.

The upgraded WS-286 has an increased capacity and is more efficient than the earlier models. Ericsson developed the upgraded WS-286 (known as the AT version) as a direct competitor to IBM's AT model.

The Bundespost bought Ericsson terminals before, in 1985, but Ericsson regards the order as an important step in the West German market where it competes with Siemens.

"All the big suppliers were competing in the field. The Bundespost is bound to buy the cheapest equipment with the best facilities," said Mr Michael Reuter, head of telecommunications information.

The Bundespost said that after considering the technical capabilities, price, and ways in which equipment from the various manufacturers could be used with their existing systems, they decided that the "best offer came from Ericsson."

However, while the Bundespost would not discuss particular aspects of the equipment, Ericsson claims that its keyboards, screens (which display black on a white background) and word-processing facilities are popular, and that the modules give customers flexibility in the design of the system.

Atlantic air traffic down in 1986

A WEAK dollar and fear of terrorism which kept Americans away from Europe last year caused the first annual drop in North Atlantic air traffic since high oil prices led to an economic squeeze in the 1970s, the airlines reported yesterday, Reuter writes from Geneva.

Air traffic between Europe and North America dropped 5.9 per cent to 19.7m passengers last year, according to the International Air Transport Association (Iata) yesterday.

The figures are for the 48 scheduled airlines carrying passengers between Europe and North America (Canada and the US). The Geneva-based Iata has 151 member airlines which account for 75 per cent of world air traffic.

Mr Guenter Eser, Iata's director-general, said: "The combined impact of a weakened dollar and the fear of terrorism triggered the first (annual) decline in North Atlantic traffic since the economic crisis of 1974-1975."

Iata said in a news release that there were encouraging signs for the industry in 1987. Passenger totals on the North Atlantic route rose in November and December 1986 by 4 per cent and 6.7 per cent over the same two months in 1985.

Brown Boveri to supply US power plant

By William Dullforce in Geneva

BROWN BOVERI, the Swiss electrical engineering group, has won a SFr 90m ($58m) order to supply components for a US power plant under conversion from a partially constructed 800 MW nuclear unit to a 1,300 MW coal-fired station.

The Swiss concern will do the system engineering for the two steam turbine-generators and will supply a topping turbine and its generator, together with other major components, for the Zimmer plant, some 30 km south-east of Cincinnati, Ohio. The plant is due to start operation in 1991.

Turkey signs $287m road loan agreement

THE Turkish Government has signed a $287m loan agreement to finance the construction of the Edirne to Kinali section of a motorway which will eventually run from the Bulgarian frontier to the Syrian border, David Barchard reports from Ankara.

The package includes a Euroloan of $191.5m; a UK ECGD credit of $52.5m, and a Japanese Exim Bank credit of $43m. The Euro Loan financing carries a spread of 1¼ per cent over six months London inter-bank offer rate (Libor) plus a management fee of 1 per cent over 8½ years.

Egypt and Australia to start power station talks

BY TONY WALKER IN CAIRO

EGYPT and Australia are expected to begin detailed discussions soon on plans for a $1.8bn coal-fired power station and trans-shipment port to be built at Zafarana, south-east of Cairo on the Gulf of Suez.

Egypt is seeking a coal-fired alternative to its oil-fired power stations in a bid to cut back on the use of oil.

Mr Maher Abaza, Egypt's Minister of Electricity, said that Australian technical experts would visit Cairo next month to discuss the preparation of detailed specifications which will form the basis of an international tender for the Zafarana scheme.

The World Bank with equipment suppliers and coal exporters are to fund the project.

Mr Abaza said he expected preparation of specifications to take about six months. Bidding and evaluation would probably take a further two years, leading to a five-year construction programme.

Egypt's oil reserves are under pressure because of rising local demand. At present usage and without significant new finds Egypt would be a net importer of petroleum products by the end of the century.

Mr Abaza said Australia had offered to pay the foreign exchange costs, expected to be about $2m, of drawing up specifications for Zafarana which will include a 2,600 MW power station and a trans-shipment port capable of handling 15m tonnes of coal a year.

The Electricity Commission of New South Wales would be involved as joint managers of the project.

Mr Abaza said Egypt was also planning to proceed with the coal-fired Ayun Mousa 1,200 MW power station in the Sinai. The Japanese are funding the preparation of specifications for Ayun Mousa.

Japanese trade surplus increases

By Carla Rapoport in Tokyo

JAPAN'S trade surplus continued to widen in February jumping to $7.1bn from $3.9bn a year ago on a customs clearance basis.

Exports rose by 14.3 per cent to $17.2bn, while imports declined by 9.4 per cent to $10bn. Exports to the European community, however, rose by 34.2 per cent to $3.1bn, the second highest figure on record. Imports from the EEC were also up, by 35.9 per cent to $1.1bn, but this was not enough to dent the large trade surplus between the EEC and Japan which reached a record in February.

Leading exports worldwide, according to the Ministry of Finance figures were general machinery, up 24.5 per cent, electronic machinery, up 19.3 per cent and cars, up 12.6 per cent.

The Ministry for International Trade and Industry (Miti), however, was quick to point out yesterday that in yen terms, Japan's exports dropped by 14.7 per cent from a year earlier, the 16th straight monthly decline.

EEC dumping rules studied

By Peter Montagnon, World Trade Editor

EEC proposals to extend anti-dumping regulations to products assembled in Europe out of cheap imported parts contain some "very, very difficult points for us to accept," a senior Japanese official said in London yesterday.

Mr Fumitake Yoshida, director general for trade policy of the Ministry of International Trade and Industry, said he was at the start of a visit to several European capitals as well as the Commission in Brussels to establish the "real intention and content" of the new proposals.

The EEC's plan to crack down on so-called "screwdriver operations" which still has to be approved by its Council of Ministers has unleashed a barrage of protest from Japanese industry as well as threats to slow down or even reverse investment plans in Europe if the proposals go ahead.

Maggie Ford reports on a battle against red tape

Japan finds profits worth the problems in S Korea

IT IS opening time at Seoul's largest department store, the Lotte. Shop assistants, immaculately dressed in crisp fashionable uniforms and white gloves, line up for the ceremony. After a recorded pep-talk from the founder, the front doors are thrown wide, and to the strains of the grand march from Verdi's Aida, shoppers make their entrance past rows of bowing staff.

If this is a quintessentially Japanese experience in South Korea, then the Lotte company is also a unique institution—the only business in the country owned 100 per cent by a foreign investor. Mr Shin Kyuk Ho, Lotte group chairman, is, however, actually a Korean although he lives in Japan.

The Lotte complex in the centre of Seoul already includes a large hotel, offices and a shopping arcade and will more than double in size by the time the Olympic Games are held next year. In the past three years Lotte has invested almost $400m in its new complex.

The size of the investment dwarfs other Japanese outlay in South Korea and officials say that the rules on subsidiaries and joint ventures are to blame. Total direct investment by Japanese companies in South Korea reached $134m last year compared with $636m in 1985, a figure which includes the second phase of the Lotte group investment, worth $300m.

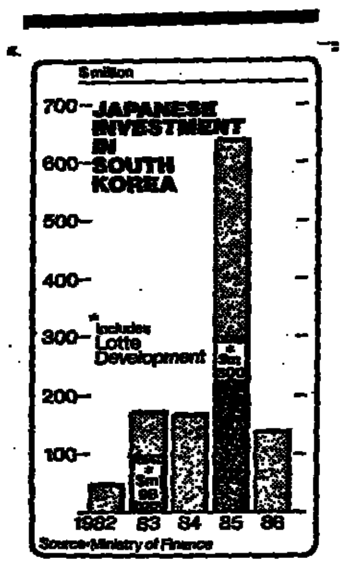
Although the amount of investment has gone down, the number of projects almost doubled from 58 in 1985 to 108 in 1986. This partly reflected efforts by small Japanese companies to avoid the consequences of the appreciating yen by manufacturing parts and small electronic items offshore.

Although South Korean officials claim that there are no restrictions on foreign investment, Japanese investors say government approval can be secured only for two types of investment. A Japanese company can acquire a small percentage stake in an existing large company, such as Mazda's $100m investment in Kia, the South Korean truckmaker, which increased its holding from just over 7 per cent to almost 11 per cent.

Second, a larger holding of perhaps 40 per cent can be acquired in a smaller company, so long as control remains in South Korean hands. Such an investment would typically be accompanied by technology licensing, officials say. The Korean stake in the company would be held by one or two people only, so that protection against the loss of management controls was strong.

JAPANESE INVESTMENT

OVERSEAS



Government policy has therefore encouraged Japanese investors to favour Taiwan over South Korea, diplomats say, where 100 per cent ownership of subsidiaries is allowed and tax and labour conditions are better.

They complain that in South Korea government officials and the media invariably take the workers' side in any dispute between management and the labour force where a foreign investor is involved.

While this may be true, Koreans would point out that memories of harsh treatment during 35 years of Japanese colonial rule before the end of the Second World War still rankle with the population.

The Japanese undoubtedly do suffer as a result of their historical role in what is now a highly nationalistic country, but companies have nevertheless been prepared to put up with the difficulties and restrictions in their search for profits.

South Korean officials attribute a surge in investment during 1984 and 1985 partly to Japanese efforts to supply the emerging Chinese market with cheaper electronic goods such as black and white television sets and watches. These items can be made much more cheaply in South Korea with its low wages than in Japan. The figures also reflect Tokyo's interest in the substantial progress made by the South Korean economy.

Officials on both sides expect Japanese investment in small manufacturing companies to increase, though not markedly, while small and medium-sized Japanese companies continue to seek ways to cut their production costs and remain competitive.

Earlier efforts by Japanese companies to import cheaper components from South Korea to use in their own finished products met with failure. Domestic demand by large Korean companies for parts for their own finished goods had been fuelled by rising export demand, leading to a shortage.

South Korea, struggling to cut a trade deficit with Japan which last year reached $4.9bn, is not unhappy if Japanese companies produce in the country for export to Japan.

Officials are aware of US and European concern that Japanese companies are trying to avoid quotas and other trade barriers by moving production of parts and finished goods offshore, but are not yet seriously concerned that such efforts could affect their own trade relationships.

Meanwhile Mr Shin can look forward to continuing returns on his investment with demand for hotel rooms likely to surge as tourism grows in advance of the Olympics. To many of the Japanese businessmen who favour his hotel, he must seem to have the best of both worlds.

MANAGEMENT

During Mrs Thatcher's first term, great effort went into making the Civil Service more efficient. **Hazel Duffy** reviews progress

Culture shock in Whitehall

CIVIL SERVANTS in the UK are talking more and more the language of management. Plans, delegated budgeting, monitoring and review are now considered tools of the trade in Customs & Excise, for example, in the same way as in any private sector company.

The vehicle for this radical change in approach is the Government's Financial Management Initiative (FMI). Launched in 1982 with the personal push of the Prime Minister, it was aimed at extending management accounting — used in limited areas of the public service — into the whole range of the civil service.

One of FMI's key objectives is to gain better value for money in public expenditure, which accounts for 43 per cent of total spending in the economy. Another is to make civil servants more accountable to their senior managers for their budgets.

Its potential as a tool to increase cost effectiveness is thus very much greater than the more publicised efficiency scrutinies, spearheaded by Marks and Spencer's Sir Derek (now Lord) Rayner, and guided now by Sir Robin Ibbs of ICI.

The efficiency scrutiny was always more local. The FMI was intended to be all-embracing and continuous. In this it was more in keeping with the radical move to cash limited public expenditure introduced in the late 1970s, and a natural development from that.

Earlier, more specific initiatives—notably the top management system (MINIS) brought in by Michael Heseltine when he headed the Department of the Environment and subsequently the Ministry of Defence—were integrated into the FMI.

The whole thrust of the FMI, however, unlike MINIS, was to involve civil servants at all levels, rather than concentrating on those at the top who prepared the departmental bids for funds in the annual public expenditure round.

Its introduction into this diverse bureaucracy of nearly 600,000 staff was never going to be straightforward. Nevertheless, while some departments have hardly got away from the starting blocks, others have made considerable strides.

Progress is very much in the hands of individual departments. Sir Peter Middleton, Permanent Secretary to the Treasury, told the Commons Public Accounts Committee recently: "We cannot go more quickly than the departments can go. It would be a mistake to push it too fast."

The permanent secretaries all agreed to the programme. In practice, they vary in their determination to implement it. Success depends frequently on the energy with which the middle layer—the under-secretaries, assistant secretaries, principals — provide the lead, followed by those out in the field.

Customs and Excise is one department which has supported the initiative enthusiastically. In January 1983, officials drew up a development plan based on work that had already been going on to improve financial management in the department. This proposed development of four main systems, all now in place or in the process of being implemented.

They are: management planning; control of resources (accounting, costing and budgetary control); measuring achievement; and management information systems. Inevitably, their implementation has raised problems.

Some are technical, others pose fundamental questions for the future direction of the civil service which may not have been envisaged at the time of its introduction. In the first category is the problem of devising a system whereby achievement in the public services can be assessed. This was the subject of an inter-departmental review published last year.

In the second category, basic issues of organisation are raised. Can civil servants be expected to behave like managers in the private sector when most of them, even at senior levels, do not have control over the recruitment of personnel? Can they continue to be motivated merely by the reward of doing a job well, given that financial incentives are very limited in a system where national pay bargaining operates? Can the Treasury, as minder of the public purse, at the same time be the primary promoter of the initiative?

Despite these caveats, nobody in Customs and Excise doubts the significance of the exercise. "Changes in approach in large organisations cannot be encapsulated snappily, but I think everybody here would agree that the changes are substantial and very fundamental. There are very lively debates about how far they can be taken but there is no doubt that they are very real," says Sandy Russell, one of the architects of FMI, now a senior official in Customs and Excise.

As part of its latest management scheme, the Government is trying to measure achievement in the Civil Service. But if drugs smugling drops at East Midlands Airport, is it because more staff have been allocated to this task or has the operation moved elsewhere-

A duty to perform at Customs and Excise

CHRIS PACKMAN is the controller (still termed Collector in Customs & Excise) of the East Midlands region. His experience is atypical for this job; he came into the civil service as a "fast-s.·eam" entrant and worked in the Treasury as well as at C and E headquarters. Most Collectors come up through the regional offices.

He is an enthusiast for FMI and his region has become a showpiece for its execution. He has a budget of around £10m, of which £7m-£8m is spent on wages and salaries for the 830-850 staff in the region. They split between two distinct functions: VAT inspection, trying to ensure that local traders pay the correct VAT; and customs inspection at the ports and one airport in the area.

The big difference since FMI was introduced is that Packman is now responsible for framing the budget submission to headquarters, which is consolidated into the annual bid to the Treasury.

He monitors the budget spend. "If my staff spent over-budget making visits to traders, that used to be something picked up by headquarters, not me. Now it is my responsibility."

Likewise, he has some flexibility over manpower. Within an upper limit Packman can vary manpower levels according to what he believes necesary to achieve his targets. He might, for example, spend more on casual labour, or more on overtime, rather than filling all the "posts" (as jobs are called in the civil service) allocated to the region.

He also has some discretion on how much he spends, for instance, on the refurbishment of staff accommodation (the Property Services Agency, however, finds the offices for Packman as it does for all other branches of the Civil Service).

Packman enjoys the greater responsibility now delegated to him. So do his managers. More responsibility, however, brings more pressures. Packman's performance as a manager is now much more closely measured. He reasons that, while he appreciates that there must be some control from the centre, he would be a better manager if he were given more authority.

He does not have any say in the appointment of his senior staff, for example. That is decided by headquarters. "I would like greater scope to plan and produce resources over a longer period and I would like more freedom in areas like accommodation. I still have to go through third parties on quite small matters."

C and E is beginning to plan more like the private sector, looking ahead five years where possible. The 1986-87 plan, for the first time included a look ahead to 1990, similar to the Government's medium-term financial planning exercise.

But the main discipline in the Civil Service continues to be the annual expenditure round.

Short-term horizons can be frustrating. In the private sector, year-end accounts are a snapshot of the company on that day but in the Civil Services, it is the cut-off point. If his region underspends in 1986-87, the money is not held over for 1987-88.

"About three-quarters of the way through the year, it always looks as though I am shooting for an overspend. The tendency is to panic, and cut back. Then, towards the end of the year, it begins to look like an underspend. There is a rush to spend the money — the mad March spend. But certain things cannot be bought just like that. We end up spending on useful but not essential things."

There are other problems. Most of his staff, particularly the younger members, respond enthusiastically to managerial disciplines. But some complain that they did not join the Civil Service to be managers. Packman has to work with both attitudes but he cannot offer incentives, other than job satisfaction, to those who relish increased responsibility.

The exception is the performance bonus, now in the second year of a three-year experiment for all senior civil servants. Packman has the authority to recommend his senior managers for it.

Packman feels that until a new VAT management information system for Customs and Excise — developed with the help of consultants — is introduced later this year — it is difficult to manage as effectively as he would like.

Measuring the effectiveness and efficiency of the VAT system is a more developed exercise than Customs work, where the department, with the Home Office, is in the forefront of the campaign to reduce drugs smuggling. For instance, if more staff are allocated to this purpose, and drugs seizures drop, does this mean that the carriers have stopped, or decided to shift their activities away from the East Midlands airport?

In spite of the difficulties stemming from a highly centralised bureaucracy, and technical challenges unique to the public service sector, most of the managers in the East Midlands Collection think that FMI is working: "By nature civil servants are cautious, but I think management is being subsumed into our culture," says one.

Hazel Duffy will report on events at the Department of Transport on Friday's Management Page.

A different foundation for Catholic orders

Michael Skapinker on long range planning

"CORPORATE STRATEGY in Catholic Religious Orders" sounds like the sort of spoof article that a management magazine might publish on April Fool's Day. But the article appeared in the February edition of Long Range Planning. And its author seems genuine enough: David Coghlan, an Irish Jesuit priest who teaches at the College of Industrial Relations in Dublin.

Coghlan reveals that one Catholic religious order relies on a manual called "Preparing Company Plans." Other Catholic orders, he says, have adopted some of the basic tenets of corporate strategic planning, often without knowing they have done so.

Coghlan points out that religious orders have experienced radical changes in the environment in which they operate and have had to formulate the equivalent of corporate plans to deal with them.

The number of recruits has declined in the past 15 years. Many orders, Coghlan says "do not have the personnel to maintain their current operations at present or past staffing levels. Many were established out of the needs of a previous era and so doubt about their present and future relevance is raised."

To find out how they have adapted, Coghlan conducted surveys inside five Catholic orders, mostly in the United States. In unstructured interviews, members were asked to describe how they had formulated their plans for the future. He then compared the process they described with the kind of strategic planning carried out in a corporate environment.

Unlike some corporations facing similar changes, the orders have a strong sense of their over-riding mission. One of the orders, for example, has a sixteenth-century constitution specifying that its role is to provide for "the education of children and unlettered persons in Christianity" and to assist "those who are found in prisons and hospitals, and indeed in performing any other works of charity, according to what will seem expedient for the glory of God and the common good."

The present-day statement of that order's mission is "to engage, under the standard of the Cross, in the crucial struggle of our time: the struggle for faith and that struggle for justice which it includes."

Within the context of that over-riding purpose, the orders set out who they thought their "demand groups" (or consumers) were and how they could provide for them. One order identified 11 areas of concern, including youth and education, the unemployed, the Third World and "confused Christians." Coghlan says that "another order spent eight months researching the needs of a particular city and diocese before accepting an invitation to work there."

Policies to meet these demands were formulated by small task forces which "facilitated bottom-up input into the policy and helped build consensus." To communicate policy, one order started a newsletter. Another got all its local communities to buy the same video system so that important points from various meetings could be shown to all the members.

This process macthes that carried out by private-sector companies confronting change: clarifying the over-riding purpose of the organisation, deciding who one's customers are, setting up a task force to decide how to meet their demands, and communicating the resulting strategy to the workforce.

There is one major difference between a company's strategic plan and that of the religious orders as described by Coghlan. Companies typically use money to inspire their workforce to carry out the corporate plan. Motivation in the religious orders, Coghlan points out, "is grounded in the sense of vocation and mission."

Which is not to say that reward and motivation had no place in the orders' plans. In one case an order's schools were placed on a hierarchical ladder and assigned personnel in accordance with their place on the ladder. A school could compete for a higher place on the ladder through its implementation of the order's policy.

Coghlan notes that non-profit organisations such as hospitals, welfare agencies and churches are often associated with poor management and a failure to establish long-range goals. The experience of the religious orders, he says, provides some evidence that corporate strategic planning has its place in non-competitive, non-commercial organisations.

IMRO DRAFT RULES

BY ERIC SHORT

Framework for authorised investment firms outlined

THE PATTERN under which authorised investment firms will operate under the new financial services legislation was made clear yesterday when the Investment Management Regulatory Organisation (Imro) published its draft rules and an information memorandum. It is the first self-regulatory organisation to issue its rules.

They cover issues such as membership admission procedures, the information firms must provide, advertising, customer relations, and the way business is conducted.

Under the 1986 Financial Services Act, the control, operation and monitoring of the legislation is expected to be delegated by the Trade and Industry Secretary to the Securities and Investments Board.

In turn, SIB would delegate the functions to five self-regulatory organisations. Imro is now ready and will seek recognition as soon as the SIB has become a designated agency.

Sir Henry Fisher, chairman of Imro, said that now the rule book had been published, Imro was in a position to invite people and firms to apply for membership.

Mr John Morgan, chief executive, emphasised the immense administrative burden of vetting applications and the time that would be taken to process applications. So Imro was formally inviting all firms who consider that their operations qualify them for membership to apply now.

Imro had already been in contact with 300 firms which had committed themselves to membership of Imro and had contributed a £1,500 fee towards Imro's running costs. A further 600 to 700 firms had been contacted but had deferred any decision to join.

Although the SROs endeavour to represent defined sections of the investment field, there is certain to be some overlap. In addition, many investment firms are uncertain which SRO is applicable to them, while others operate a variety of investment services.

The act laid down the following requirements for general authorisation by people undertaking investment management:

- They must be fit and proper persons.
- They must maintain high standards of integrity, competence and fair dealing.
- They must obey the rules.

Imro supplements this general statement in its information memorandum by setting out the information that firms will have to supply when applying for membership. This will include: Details of the business profile.

A description of the kinds and scale of the business for which membership is sought.

Resources of the firm, both financial and staff.

Assurance that the directors or partners, managers and senior staff are people of integrity and are suitably qualified by training and experience to fulfil their duties.

Indication that the firm is well organised to ensure compliance with the rules.

Membership of Imro will include portfolio managers, unit trusts and investment managers of occupation pension funds. A more detailed list of the investment business with which Imro is concerned and which its rules will permit members to transact is limited to the following:

Managing investments, where this is the sole or main activity of the firm or where the firm is a large investment manager in its own right.

Management and operation of regulated collective investment schemes, which includes management of both authorised and unauthorised unit trusts.

Acting as trustees of regulated collective investment schemes.

Management of investment trusts.

In-house management of pension fund assets.

Acting as pension fund trustees insofar as authorisation is needed under the act.

Investment advice, other than corporate finance advice to institutional or other corporate customers.

Copies of the draft rules are available from Imro at 45, London Wall, London EC2M 5TE. £25.

Lex, Back Page

Document explains funding details

THE MEMORANDUM explains that Imro work up to now has been concentrated on the development of the organisation and its rules. The costs incurred have been met by a bank guarantee, from leading City institutions.

These costs will have to be recovered from members, together with Imro's running costs and its share of SIB's costs.

Imro estimates its expenditure in the year ot March 31, 1987 will be £1.5m, and its forecast for the following year is £3.3m plus its contribution to SIB of £950,000.

The proposed fee structure will fall into three parts.

First, for any new applicant, there will be an application fee of £1,500 (plus value added tax) or £500 plus VAT) for those applicants whose annual subscription will be £500. This fee is offset against the first year's fees of membership is granted, otherwise it is returned less a deduction for Imro's administration costs.

Second, there will be an entrance fees payable once Imro has been recognised as an SRO, or thereafter at the time of admision. This is designed to recover the start-up costs and will be a third of the first year's annual subscription.

Third, there will be an annual subscription calculated in one of two ways, according to the size of the firm's business. This aims, to recognise the position of small firms and also to reflect the lower unit cost of supervision as business grows beyond a certain level.

For all firms with an annual gross revenue from investment business regulated by Imro of less than £25,000 a year, the fee is £500.

For all other members, the fee is £1,500 plus a percentage charge on funds under management, and another percentage charge for any investment business regulated by Imro but not involving funds under management. The charge will be 0.25 per cent of gross revenue.

For funds under management at March 31, 1987 the charge is 0.0013 per cent of funds up to and including £2.5bn.

Between £2.5bn and £10bn the charge is 0.00075 per cent, and it goes down to 0.0005 per cent on funds on £10bn or more.

Funds under management are defined as: all discretionary, non-discretionary and advisory funds; for pension funds, the value of assets managed; for collective investment schemes, the total value of assets in the fund.

Imro stresses that it will not charge fees more than once on the same funds.

Investor protection vital for SRO status

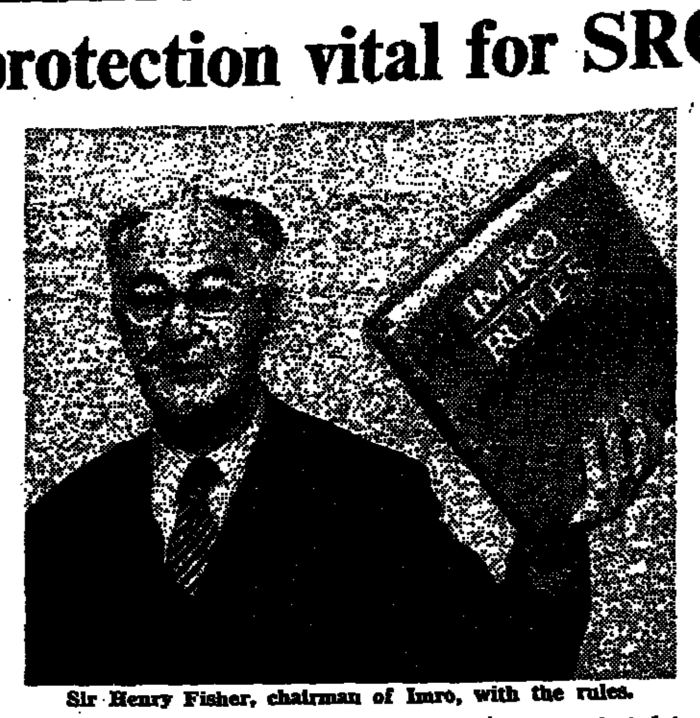
IN LAUNCHING the rule book, Imro explains that the regulations have been designed to satisfy the following requirements:

They must give investors a degree of protection at least equivalent to that provided by the SIB rules, or Imro will not be recognised as an SRO.

They must be clear and readily understood in advance by firms.

They must reflect what is sensible and practicable in investment management. They should not be burdensome or slow to take effect and should not demand the impossible of firms.

The rule book is divided into 10 sections with a preface and definitions. It is based on the SIB rule book published a few weeks ago but Imro says it has condensed that book as it applies to its members.



Sir Henry Fisher, chairman of Imro, with the rules.

General Rules: Imro considers that the regulations in this section are drawn together from concepts scattered throughout SIB's rule book.

These rules set out what constitutes a fit and proper person and emphasises that this is an ongoing commitment. In considering this, Imro will take into account compliance with the law and with its rules and whether a firm has observed the provisions of the City Code on Takeovers and Mergers and the rules governing substantial acquisitions of shares.

It emphasises that firms must provide Imro with accurate and full information relating to their business.

Admission procedures: These set out the details of how firms apply for membership.

The rules provide for Imro to terminate membership if a firm becomes insolvent, or if a receiver or administrator is appointed, or if a firm is in breach of the rules or is no longer fit and proper to conduct business.

The rules reserve Imro's right to prevent a firm resigning until it is satisfied that customers' interests have been adequately protected.

Advertising: The act defines advertisements precisely. The rules flesh out the legal requirements that advertisements be fair and clear in their content.

In particular, the use of past investment performance information must not be included unless it is relevant and provided that it is not selected to disguise or exaggerate past performance. The advertisement must also disclose the information source.

The rules require that published investment recommendations be supported by genuine information or research aimed at customers' needs.

They amplify the act's requirements related to cold-calling—unsolicitated calls.

Customer relations: Firms may perform services for customers only when they are sure about a particular customer's knowledge of investments, investment needs and financial resources.

Any management of investments for customers must be governed by a customer agreement. Imro identifies two types of agreement—full customer agreements and occasional agreements. Rules are laid down for each and for amendments.

The aim is to ensure that the customer knows what the firm may or may not do and what remuneration it receives for its services, including commission.

The firm must also identify and point out any potential conflicts of interest. Imro stresses that the relationship between customer and firm must be "transparent" with nothing hidden.

Conduct of business rules: This is one of the central themes in the financial services legislation and Imro says its rules also lay down the minimum standards under which business should be conducted.

Imro emphasises that firms must not benefit from managing a customer's affairs other than by the agreed remuneration. Firms must not operate suspense accounts for investments, nor use customers' transactions to boost other aspects of their investment business.

Customers' assets have to be kept separate. All customers' money must be kept in a special client bank account. Special rules apply where customers choose to operate in the riskier options and futures markets to ensure they understand and accept in advance the extent to which they are exposed to greater risk.

The rules put particular emphasis on effective Chinese walls within an organisation to ensure the investment manager's decisions cannot be swayed by other internal considerations.

There is a special rule governing churning the portfolio — turning the portfolio over at a disproportionate frequency to the size of the fund to create additional remuneration.

Guidelines spelt out on monitoring and compliance

THE rules relate to the financial requirements of firms and the monitoring and compliance procedures of Imro.

Financial rules: A central feature of the financial services legislation is that firms providing investment services should have sufficient financial resources. There has been much discussion on the capital adequacy requirements of firms.

This chapter prescribes in some detail the accounting records that must be kept and audited and who can prepare the accounts. These records provide an essential part of the necessary "audit trial" should there be a suggestion that the firm has conducted its business improperly. Thus records have to be produced in a prescribed form and be available for inspection by Imro officials.

Monitoring and compliance: Imro intend to monitor the activities of its member firms through three forms of supervision; the submission of regular returns, which could lead to further questioning or provision of further information, the prior clearance with Imro of a prescribed list of actual and foreseeable events affecting the firm's business and spot checks on particular periods or particular forms of business.

Imro envisage their inspectors checking about 20 per cent of firms every year, besides investigating any specific complaints.

Firms are required to have compliance and record keeping systems adequate to demonstrate observance of the rules. In many cases Imro sets out the precise form in which records are kept and requires them to be available for at least three years.

There is advice on the maintenance of computer-based records against deterioration and a warning that it may be in the firm's interest to keep records for longer periods.

Investigation and discipline: These rules set up a system for the investigation of suspected breaches of the rules by members. Imro will use its own compliance department which, if necessary, can brief outside experts. Investigators will have wide powers to question the staff of the firm being investigated and to cal for documents.

There are two ways in which Imro will deal with breaches of its rules: a summary proceeding, when the alleged offence is relatively minor, and a full hearing before an appropriate tribunal, with the right of firms to have a full hearing.

The penalties available to Imro range from a private reprimand, through to a public reprimand, a fine, a special restriction on business and, in extreme cases, to expulsion.

The rules set out the appeals procedure against disciplinary action and other decisions under the rules. This includes appeals against decisions to refuse membership.

SIB has put forward its plans for SROS running their own Ombudsman scheme, a move which Imro welcomes and is studying.

NOTICE OF REDEMPTION

To the Holders of

AMERICAN EXPRESS OVERSEAS FINANCE COMPANY N.V.

14¼% Guaranteed Notes Due 1989

NOTICE IS HEREBY GIVEN to the holders of the outstanding 14¼% Guaranteed Notes Due 1989 (the "Notes") of American Express Overseas Finance Company N.V. (the "Company") that pursuant to the provisions of the Indenture dated as of April 15, 1982 among the Company, American Express Overseas Credit Corporation Limited (the "Guarantor"), and Morgan Guaranty Trust Company of New York (the "Trustee"), and the terms of the Notes, the Company has elected to redeem on April 15, 1987 all of the outstanding Notes. The redemption price is 100% of the principal amount thereof plus accrued interest to the date of redemption.

Payment of the principal will be made on and after April 15, 1987 against presentation and surrender of Notes with coupons due April 15, 1988 and April 15, 1989 attached. Payment will be made in U.S. dollars, subject to applicable laws and regulations, either (a) at the corporate trust office of the Trustee in The City of New York ("U.S. paying agent"), or (b) at the main offices of the Trustee in London, Brussels, Frankfurt am Main and Paris and the main offices of Morgan Bank Nederland N.V. in Amsterdam, Swiss Bank Corporation in Basle and Kredietbank S.A. Luxembourgeoise in Luxembourg (each, a "non-U.S. paying agent"). Payments at the offices of paying agents located outside of The City of New York will be made by a United States dollar check drawn on a bank in The City of New York or by a transfer to a United States dollar account maintained by a payee with a bank in The City of New York.

Interest accrued to the date of redemption will be paid upon presentation of coupons due April 15, 1987 which should be detached and collected in the usual manner.

Commencing April 15, 1987 the Notes will no longer be outstanding and interest on the Notes will cease to accrue.

Any payment on the Notes made by (a) the U.S. paying agent, or (b) a non-U.S. paying agent by transfer to an account maintained by a payee with a bank in the United States may be subject to reporting to the United States Internal Revenue Service ("IRS") and to backup withholding at a rate of 20% if the payee fails to provide the paying agent with an executed IRS Form W-8, certifying under penalties of perjury that the payee is not a United States person, or an executed IRS Form W-9, certifying under penalties of perjury as to the payee's taxpayer identification number (employer identification number or social security number, as appropriate) and, if applicable, that the payee is exempt from backup withholding. Additional information reporting and withholding requirements may apply under non-U.S. laws to payments on the Notes. It is recommended that you consult with your own tax advisor as to the consequences of the redemption of your Notes, including certification(s) to complete when presenting your Notes for payment.

AMERICAN EXPRESS OVERSEAS FINANCE COMPANY N.V.

Dated: March 11, 1987

THIS NOTICE DOES NOT CONSTITUTE AN OFFER FOR SALE AND THE LOAN DESCRIBED BELOW IS NOT AVAILABLE FOR PURCHASE DIRECT FROM THE BANK OF ENGLAND. OFFICIAL DEALINGS IN THE LOAN ON THE STOCK EXCHANGE ARE EXPECTED TO COMMENCE ON WEDNESDAY, 11TH MARCH 1987.

PARTICULARS OF AN ISSUE OF £1,100,000,000

8¾ per cent TREASURY LOAN, 1997

SCHEDULE OF PAYMENTS:

Amount paid on issue	£40.00 per cent
Amount payable on Tuesday, 5th May 1987	£58.50 per cent

INTEREST PAYABLE HALF-YEARLY ON 1ST MARCH AND 1ST SEPTEMBER

This Loan is an investment falling within Part II of the First Schedule to the Trustee Investments Act 1961, subject as regards securities payable to bearer to the provisions of Section 7 of the Trustee Act 1925. Application has been made to the Council of The Stock Exchange for the Loan to be admitted to the Official List.

1. £1,000,000,000 of the above Loan has been issued to the Bank of England on 9th March 1987 at a price of £98.50 per cent; the balance of £100,000,000 has been reserved for the National Debt Commissioners for public funds under their management. The amount paid on issue was £40.00 per cent and the amount payable on 5th May 1987 will be £58.50 per cent.

2. The principal of and interest on the Loan will be a charge on the National Loans Fund, with recourse to the Consolidated Fund of the United Kingdom.

3. The Loan will be repaid at par on 1st September 1997.

4. The Loan will be issued in the form of stock which will be registered at the Bank of England or at the Bank of Ireland, Belfast, and will be transferable, in multiples of one penny, by instrument in writing in accordance with the Stock Transfer Act 1963. Stock registered at the Bank of England held for the account of members of the Central Gilts Office Service will also be transferable, in multiples of one penny, by exempt transfer in accordance with the Stock Transfer Act 1982 and the relevant subordinate legislation. Transfers will be free of stamp duty.

5. On or after 30th July 1987 stock may be exchanged into bonds to bearer which will be available in denominations of £100, £200, £500, £1,000, £5,000, £10,000 and £50,000. Bonds will be free of stamp duty.

6. Stock will be interchangeable with bonds without payment of any fee.

7. Interest will be payable half-yearly on 1st March and 1st September. The first interest payment will be made on 1st September 1987 at the rate of £3.4192 per £100 of the Loan. Warrants for interest on stock will be transmitted by post; income tax will be deducted from payments of more than £5 per annum. Interest on bonds to bearer, less income tax, will be paid by coupon.

8. Stock and bonds of this issue and the interest payable thereon will be exempt from all United Kingdom taxation, present or future, so long as it is shown that the stock or bonds are in the beneficial ownership of persons who are neither domiciled nor ordinarily resident in the United Kingdom of Great Britain and Northern Ireland.

9. Further, the interest payable on stock or bonds of this issue will be exempt from United Kingdom income tax, present or future, so long as it is shown that the stock or bonds are in the beneficial ownership of persons who are not ordinarily resident in the United Kingdom of Great Britain and Northern Ireland.

10. For the purposes of the preceding paragraphs, persons are not ordinarily resident in the United Kingdom if they are regarded as not ordinarily resident for the purposes of United Kingdom income tax.

11. Applications for exemption from United Kingdom income tax should, in the case of interest on stock, be made in such form as may be required by the Commissioners of Inland Revenue. Bearer bond coupons will be paid without deduction of United Kingdom income tax if accompanied by a declaration of ownership in such form as may be required by the Commissioners of Inland Revenue. The appropriate forms may be obtained from the Inspector of Foreign Dividends, Inland Revenue, Lynwood Road, Thames Ditton, Surrey, KT7 0DP.

12. These exemptions will not entitle a person to claim repayment of tax deducted from interest unless the claim to such repayment is made within the time limit provided for such claims under income tax law; under the provisions of the Taxes Management Act 1970, Section 43 (1), no such claim will be outside this time limit if it is made within six years from the date on which the interest is payable. In addition, these exemptions will not apply so as to exclude the interest from any computation for taxation purposes of the profits of any trade or business carried on in the United Kingdom. Moreover, the allowance of the exemptions is subject to the provisions of any law, present or future, of the United Kingdom directed to preventing avoidance of taxation by persons domiciled, resident or ordinarily resident in the United Kingdom, and, in particular, the interest will not be exempt from income tax where, under any such provision, it falls to be treated for the purpose of the Income Tax Acts as income of any person resident or ordinarily resident in the United Kingdom.

13. Until payment in full has been made and a completed registration form submitted to the Bank of England, the Loan (other than amounts held in the Central Gilts Office Service for the account of members) will be represented by letters of allotment.

14. Payment in full may be made at any time prior to 5th May 1987 but no discount will be allowed on such payment. Interest may be charged on a day-to-day basis on any overdue amount which may be accepted at a rate equal to the London Inter-Bank Offered Rate for seven day deposits in sterling ("LIBOR") plus 1 per cent per annum. Such rate will be determined by the Bank of England by reference to market quotations, on the due date for the relevant payment, for LIBOR obtained from such source or sources as the Bank of England shall consider appropriate. Default in due payment of any amount in respect of the Loan will render the allotment of such Loan liable to cancellation and any amount previously paid liable to forfeiture.

15. Letters of allotment may be split into denominations of multiples of £100 on written request received by the Bank of England, New Issues, Watling Street, London, EC4M 9AA on any date not later than 30th April 1987. Such requests must be signed and must be accompanied by the letters of allotment.

16. Members of the Central Gilts Office Service may, subject to the provisions of the agreement governing their membership of that Service, surrender a partly-paid letter of allotment to the Central Gilts Office for cancellation and for the amount of the Loan comprised therein to be credited to the member's account. The member who is shown by the accounts of the Central Gilts Office as being entitled to any amount of the Loan shall, to the exclusion of all persons previously entitled to such Loan and any person claiming any entitlement thereto, both be treated as entitled to such Loan as if that member were the holder of a letter of allotment and be liable for the payment of any amount due in respect of such Loan. A member will be entitled at any time prior to registration to withdraw, in multiples of £100, amounts of the Loan credited to the member's account and to obtain a partly-paid letter of allotment comprising such Loan, and such member shall be liable for the payment of all amounts becoming due thereafter in respect of such Loan unless and until that letter of allotment is surrendered to the Central Gilts Office for cancellation as aforesaid.

17. Letters of allotment must be surrendered for registration, accompanied by a completed registration form, when the final instalment is paid, unless payment in full has been made before the due date, in which case they must be surrendered for registration not later than 5th May 1987; registration of amounts of the Loan held for the account of members of the Central Gilts Office Service will be effected under separate arrangements.

18. Until the close of business on 29th July 1987, stock issued in accordance with this notice will be known as 8¾ per cent Treasury Loan, 1997 "B". The interest due on 1st September 1987 will be paid separately on holdings of the existing 8¾ per cent Treasury Loan, 1997 and on holdings of "B" stock as at the close of business on 29th July 1987; consequently, interest mandates, authorities for income tax exemption and other notifications recorded in respect of holdings of existing stock will not be applied to the payment of interest due on 1st September 1987 on holdings of "B" stock.

19. The last day for lodgement at the Bank of England of transfers for registration as "B" stock will be 27th July 1987. After this date, for purposes of certification, the "B" stock will not be distinguished from the existing 8¾ per cent Treasury Loan, 1997. From the opening of business on 30th July 1987, the "B" stock will be amalgamated with the existing stock.

20. Copies of this notice may be obtained at the Bank of England, New Issues, Watling Street, London, EC4M 9AA, or at any of the Branches of the Bank of England, or at the Glasgow Agency of the Bank of England; at the Bank of Ireland, Moyne Buildings, 1st Floor, 20 Callender Street, Belfast, BT1 5BN; or at any office of The Stock Exchange in the United Kingdom.

Government statement

Attention is drawn to the statement issued by Her Majesty's Treasury on 29th May 1985 which explained that, in the interest of the orderly conduct of fiscal policy, neither Her Majesty's Government nor the Bank of England or their respective servants or agents undertake to disclose tax changes decided on but not yet announced, even where they may specifically affect the terms on which, or the conditions under which, this Loan is issued or sold by or on behalf of the Government or the Bank; that no responsibility can therefore be accepted for any omission to make such disclosure; and that such omission shall neither render any transaction liable to be set aside nor give rise to any claim for compensation.

BANK OF ENGLAND
LONDON

9th March 1987

FOLLOW THESE 5 SIMPLE RULES AND YOU TOO COULD MAKE £464,000,000.

To look at the burgeoning profits of Hanson Trust, one might imagine we had glimpsed the business equivalent of the Philosopher's Stone.

In fact, our secret is far more prosaic. We have simply established a few rules which guide every decision we make.

As you read them, they may seem like nothing more than good old-fashioned common sense. We wouldn't disagree.

1. ALWAYS PUT THE INTERESTS OF SHAREHOLDERS FIRST.

Hanson Trust doesn't belong to the management. It belongs to some 165,000 shareholders. It is therefore our duty always to put their interests first.

2. INVEST IN BASIC INDUSTRIES.

We invest in industries providing basic goods and essential services to proven markets. Thus, our shareholders are spared the hazards of changing fashions and leap-frogging technology.

3. ALWAYS CONSIDER THE DOWNSIDE RISK.

When considering an acquisition, our first question is "How much could we lose if it all goes wrong?" And if the answer makes us nervous, then we don't proceed.

4. AGREE BUDGETS WITH OPERATING COMPANIES. BUT NEVER INTERFERE DAY-TO-DAY.

If an operating company wants to develop a new product, or, indeed, paint it sky blue pink, that's fine by us. They simply tell us the cost, the benefits and the attendant risk.

Provided we agree their budget, it will then be up to them to come up with the goods as promised.

5. REWARD EXCELLENCE.

We all need a little motivation in this life.

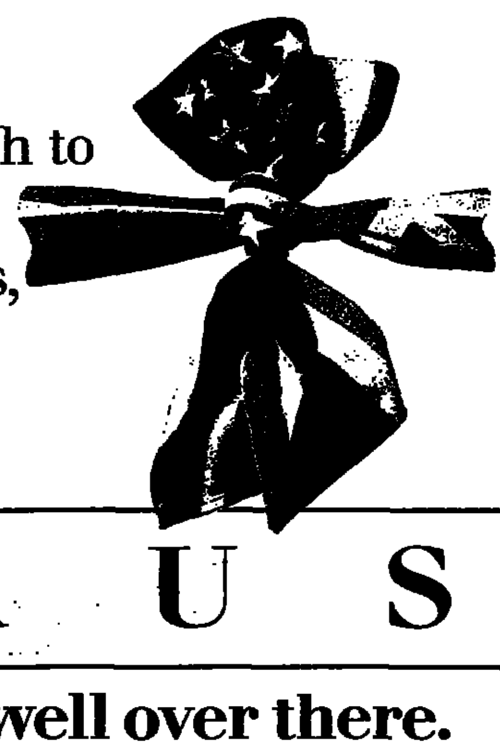
Thus our share option scheme is reserved not for a chosen few, but spread widely amongst managers throughout our operating companies.

Furthermore, when any one of them turns in an exceptional performance they receive an equally exceptional bonus.

Now you know the secret of our success. But if you wish to emulate it, you'll have some catching up to do.

For 23 consecutive years we have turned in record profits, and last year's reached £464,000,000.

So those rules of ours are indeed golden ones.



H A N S O N T R U S T

A company from over here that's also doing rather well over there.

Leader of a quiet revolution

James Buxton reports on a Scottish company challenging for supremacy in the hi-fi world

Tiefenbrun: The most important thing in sound reproduction is the input signal.

IF YOU are the proud owner of a new compact disc player you will not be pleased to hear that the purists in the world of hi-fi still believe that the traditional black vinyl record produces a better and more agreeable sound than the compact disc.

And if you think that this defiance of what has almost become the conventional wisdom is just the view of a few cranks, you should know that a company named Linn Products will this year be making four times as many of its high quality record turntables as last year. Its total sales of turntables, amplifiers and loudspeakers are rising by about 30 per cent on an annual basis, and the company expects them to reach £25m in about five years time from last year's level of £5.5m.

Linn Products believes it is taking off after a decade and a half of leading what amounts to a quiet revolution in the world of hi-fi equipment. Its success, soon to be confirmed by a move to a new purpose-built, automated factory, is based on a radical new approach to design, minute attention to quality and detail, and unusual attitudes to production and marketing.

Linn — it takes its name from the southern suburb of Glasgow in which it is based — is the creation of Ivor Tiefenbrun, the son of a Glaswegian mother and an Austrian father who emigrated to Scotland in 1939. At the beginning of the 1970s, frustrated at what he considered the poor quality of sound emerging from even the most expensive loudspeaker systems, Tiefenbrun decided that the root of the problem was the poor quality of the signal coming off the record.

"There was a perception in the industry that the loudspeaker made the sound better—that even a bad signal could be improved by a good set of speakers," he says. "By the late 1970s I had proved to the industry that the most important thing in sound reproduction is the software—the input signal itself—and that unless you feed a good signal into the speakers you will not get good sound out of them."

To prove his point he developed a new turntable, the Linn Sondek LP 12. It incorporates a patented bearing to support the disc and employs very high standards of precision engineering, both in the turntable and tone arm. The result is the elimination of extraneous vibration which allows the stylus to concentrate on recovering minute pieces of information from the record groove. First-time listeners found they heard music from their records that they did not know existed. Even the scratches on battered old records were less discernible.

Linn then turned its attention to loudspeakers, deciding that as with turntables the cause of imperfect reproduction lay in inadequate engineering which set up vibration larger than the signals they were trying to reproduce. Its first speakers, introduced in 1974, drastically cut bass resonance

It was only after 1980 that the company began designing the predominantly electronic pre-amplifiers and power amplifiers. The aim was, in Mr Tiefenbrun's words, to "nurture the signal which is still very delicate at this stage." Linn's amplifiers were launched in 1985 and were the first to be controlled by microprocessors.

Linn's hi-fi equipment is not intended for the consumer who is content to buy his sound system at a multiple or discount store where, says Mr Tiefenbrun, "people choose equipment on its appearance or price.

"We only expand our retail base to keep in line with production, which is limited by the size of our plant," says Mr Tiefenbrun, "We prefer to be able to meet demand very speedily and maintain service, rather than to have a backlog of orders."

In Britain, Linn sells through a network of only about 90 hi-fi dealers which meet the company's exacting standards for installing and demonstrating hi-fi equipment—Linn insists that its speakers are demonstrated in rooms without any other speakers, because it believes that the presence of other speakers distorts the sound. Exports account for nearly half the company's turnover, with the US its biggest single export market and Japan among the top five importers of Linn equipment.

The company's products are not cheap: a complete set of the cheaper range of Linn equipment could cost about £1,500 and it is possible to spend more than £4,000. But for that price, according to Mr Roy McCullough of Russ Andrews, Linn's only dealer in Edinburgh, the customer is getting quality at least as good as that of a £20,000 US or Japanese luxury hi-fi system.

Linn may shun the mass hi-fi market, but it does not try to blind its customers with science. Unlike many other hi-fi manufacturers it does not publicise the technical specifications of its products. "You can't tell what it's going to sound like from reading the specifications," says Mr Tiefenbrun. People should decide to buy simply on the basis of whether it sounds better, he says.

Linn believes that a revival of specialist hi-fi is under way in Britain and elsewhere, and that with its strong product range and increasingly well-known name it is well placed to take advantage of upsurge in interest. Linn also expects a major increase in sales by stepping up its presence in foreign markets, especially in the US (where it hopes to treble sales over the next few years), West Germany and France.

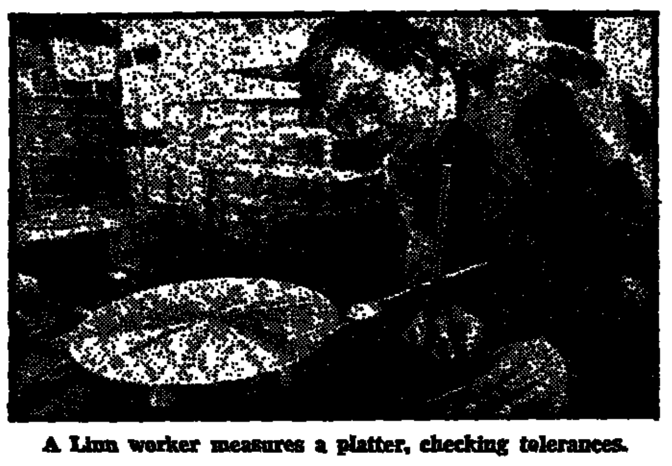
Mr Tiefenbrun says that the world market for specialist hi-fi is worth about £100-120m a year, of which British companies have about half. The market is expanding by about 14 per cent a year but Linn's sales are growing at about twice that rate, outselling its UK and foreign rivals. "People are watching less television, the video and home computing booms are over, the joggers are ageing . . . more and more people want to sit back and listen to good quality sound," he says.

Some of this new interest has been created by the boom in compact discs, which has taken a small part of the UK market and has posed a dilemma for people who have large record collections.

Mr Tiefenbrun believes that the long playing record will be in production for at least another 10 years, and with many millions of record titles in existence the compact disc (CD) will never replace it. In the meantime, he believes, record owners are upgrading their turntables and tone arms to match or exceed CD performance. The CD, he says, is "just another format," no more likely to destroy the record than were cassettes.

"There is more information on a record than there is on a compact disc," he says. Many discs, he says, sound somewhat lifeless and lacking in musicality compared with a well-made record. The same is likely to apply to digital audio tape (DAT), the latest Japanese invention that is shortly to come to Europe.

In fact an almost messianic enthusiasm is detectable in the rabbit warren of factories and backrooms which have grown haphazardly into Linn's present headquarters. The workforce of over 130—compared with 80 a year ago—includes 40 mechanical and electronic engineers.



A Linn worker measures a platter, checking tolerances.

Linn works to standards of precision normally employed by toolmakers rather than consumer goods manufacturers. It uses high quality machinery, much of it computer controlled, and enforces ruthless quality control standards, which recently led to the scrapping of 80 per cent of examples of a turntable component because of blemishes. Many of its employees are tradesmen and others receive in-house training.

The plant has almost as much computer power as a small university. It uses this in research, design, testing finished products and stock control. In 1985 about 7 per cent of turnover was spent on research and development. Pre-tax profit in 1985 dipped to £254,000 on sales of £4.5m, from £779,000 on sales of £4m the year before, and was almost all reinvested.

Linn's expansion has been seriously held up by lack of adequate factory space caused by delays of several years in obtaining planning permission for a new plant at Eaglesham in the countryside south of Glasgow—delays which infuriate Mr Tiefenbrun when he sees prominent foreign companies given sites and planning permission to set up in Scotland in a matter of weeks. Now, however, the new plant is shortly to come onstream and will allow a three-to-five times increase in output.

It is a sign of the company's confidence that it is investing about a year's turnover—some £4.5m in what will be the first purpose-built plant of its kind: automated guided vehicles will transport components to the stands where each worker will, as he does now in the existing plant, assemble and pack an entire product, rather than using the traditional division of labour.

It is an unusual system of production but the company finds it very suitable for a highly motivated workforce with a wide range of skills. As the company's newsletter to its customers states: "The people who work in Linn are mostly hi-fi nuts or enthusiasts."

WORTH WATCHING

Edited by Geoffrey Charlish

Vodafone rings up 2m a week

THE VODAFONE cellular radiotelephone system offered by Racal in the UK now has 75,000 subscribers, who are making 2m calls a week on the system. More than 430 cells (geographical areas with transmitters) have been installed and there are four special exchanges that allow vehicles to communicate with the ordinary telephone system.

After only two years of growth, callers using Vodafone can reach 82 per cent of the UK publication. A condition of the Government licence was that 90 per cent should be reached by 1990, but that should be achieved by the end of 1988. Graphs produced by the company show that the number of subscribers has, at the moment, a faster growth rate than that required to meet the company's projected figure of 200,000 by 1990.

A huge spur to automatic access

ONE OF the largest automated warehouses in Europe, occupying an area of about four times that of London's Wembley stadium, is under construction at Donnington, near Telford, Shropshire, in the UK.

It is being built for the Ministry of Defence at a cost of £24m divided equally between building construction group Norwest Holst and materials handling and storage specialist Dexion, both of the UK.

To reduce fire risk, the depot, which will house army stores and equipment, utilises a central spine building to which 10 virtually separate "spur" buildings are linked at right angles (five down each side of the spine).

Each spur houses high bay (floor-to-ceiling) storage racking, served by a Dexion Courier access system. These machines, working under computer control, insert or extract pallets (carriers) of goods from hundreds of storage locations.

Pallets are automatically loaded from and to rail-guided trolleys, which move through a fire wall exit (equipped with an automatic fire shutter) to a roller conveyor. These conveyors, in the 10 spurs, take pallets to and from the central spine. Between there and a marshalling area at one end of the spine the carriage is done by automatic guided vehicles (AGVs)

Incoming items from suppliers are palletised, weighed and sized on a special conveyor to ensure they can be accepted in the racking. Then their details are entered into the computer system, which chooses the best location for each pallet, and sends the pallet off on an AGV down the spine to the chosen place. Identical stock is held in several spurs, in case of fire.

An issuing order placed on the central PDP 11 minicomputer (Digital Equipment Corporation, DEC) generates instructions to other DEC machines in each of the spurs. These minis in turn provide instructions to the electronic controllers on the extraction equipment and the correct pallets are removed.

Way into a paper mountain

UK ELECTRONICS group Racal has set up Racal Imaging Systems in Hook, Surrey, to supply document storage systems using optical recording technology.

The first product, REOS (Racal Electronic Optical System), has a minimum price of £89,000. This basic system uses an optical record/playback unit from Hitachi of Japan, Control Data Corporation or Optimem (both of the US). Also included is a document scanner from Canon (Japan), a screen and keyboard display station from Sun Microsystems of the US and a controlling computer, also from Sun.

The optical units use 12 inch disks supplied by Hitachi, or by 3M or Optimem of the US. Each disk is able to record 50,000 A4 documents, any one of which can be extracted and seen on screen within seven seconds. Each new paper document can be scanned by the Canon unit, for recording on the disk, in about six seconds.

Organisations likely to use these systems are those with large amounts of paper to which immediate access is important and where storage space is at a premium. Large financial services companies and government departments are good examples.

Computer colour hot from the press

JAPANESE electronics company Mitsubishi has introduced a colour printer for computer output, the G656, which the company says can produce "near photographic quality" with a resolution of 300 dots per inch.

The machine uses a thermal process to impress wax-based yellow, magenta and cyan inks on to paper or transparent acetate sheets (for projection purposes). Black is produced by exact overlap of all three colours. The machine can print on A4 or A3 sheets and produce enlargements. For desk-top use, it occupies 530 x 500 mm and its retail price is about £6,500.

Quick scan for the desk-top user

THE PROBLEM of getting existing paper-based text, photographs and line drawings into desk-top publishing systems without re-keying everything has been made easier for users of the Apple Macintosh Plus computer.

The Californian scanning specialist, Dest, has developed software called Publish Pac for use on its page scanners, enabling text or image to be dealt with jointly. A page containing text and graphics can be scanned and digitised in about half a minute.

But the text can be then be separated and subjected to a character recognition process, which means it can be edited on screen using the computer's word processing program. It can then be merged with the picture to yield a new page in exactly the form the author wants.

CONTACTS—Racal: UK, 0635 33251. Dexion: UK, 0427 4122. Racal Imaging Systems: UK, 0252 622144. Mitsubishi Electric: UK office, 0923 770000. Dest: US, (408) 946 7100 or in UK on 0373 61446.

US AIRCRAFT INDUSTRY

Michael Donne on an airliner maker's plans to tackle competition

Boeing pushes output to full thrust

BOEING, the world's biggest builder of jet airliners, is planning to increase its family of aircraft by offering airlines new versions of both its best-selling short-range twin-engined 737 and the bigger medium-to-long range twin-engined 767.

Both ventures will offer opportunities for Rolls-Royce of the UK, to get its engines on to those aircraft for the first time. Such possibilities are already attracting interest from many airlines, including British Airways.

These developments are in addition to Boeing's plans to develop a new 150-seater 7J7 airliner, which are being pushed ahead vigorously. Work is already being done on a longer-range version of the 747 Jumbo, the Series 400, and on an "extended range" (ER) model of the 767-300 twin-jet.

This activity means that by the end of this year Boeing could have no less than five derivative or new airliner programmes under development, in addition to all existing programmes.

These ventures will stretch Boeing's resources, but are considered essential for the company to meet growing competition from rival manufacturers across the entire range and payload spectrum of airliner operations.

The latest version of the 737, probably to be called 737-500, will be a 100-110 seater. It will compete with the existing Dutch Fokker F-100 twin-engined jet airliner and the British Aerospace four-engined 146-300.

Boeing bases its strategy in this market sector on the fact that existing 100-seaters, such as the F-100 and BAe 146, are taking orders it could win with a 100-seater 737 well into the 1990s.

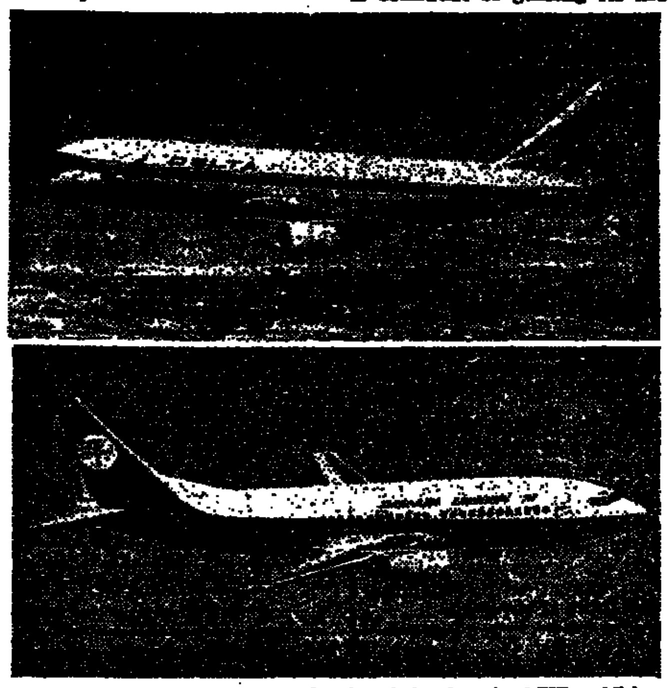
Many small airlines, especially in developing countries, are seeking a cheap airliner for low-traffic density routes, while other operators are wanting replacements for ageing 100-seaters, such as One-Elevens.

Also, there is a rapidly developing trend in some parts of the world for more frequent services with small aircraft on short-to-medium range routes, especially where airports are not yet so congested as to force the use of bigger aircraft at lower frequencies.

Originally Boeing had considered using a prop-fan engine on the new 737. Instead it will use a conventional turbo-fan jet engine, albeit of advanced design.

Current plans envisage fitting a new version of the US-French (Snecma-General Electric) CFM-56-3. This engine is already used on 737-300 and 400 models.

But Rolls-Royce is also interested, and may offer Boeing a new derivative of its Tay engine (as used on the Fokker F-100). This would be the first breakthrough by Rolls-Royce into the highly successful 737 aircraft, hitherto dominated by CFM International and Pratt & Whitney.



The medium- to long-range 767 (top) and the short haul 737—additions are planned to both model ranges

The choice of a jet engine for the 737-500 does not mean that Boeing is turning against prop-fans—it is still studying prop-fans for its 7J7—but rather that it feels current demand in the conservative, price-sensitive market for small aircraft is more attuned to the familiar jet engine.

Boeing believes it will be some time before development of small prop-fan short-to-medium range airliners, such as that proposed by McDonnell Douglas with the MD-91X, threatens the market status of the jet-powered 737.

Nevertheless, Boeing remains open minded on the possibility of putting prop-fans on the 737 at a later date, or even developing a smaller prop-fan aircraft of its own; if that is what the market wants.

The new 737 will complement existing versions of the 737 — the Series 200, 300 and 400 (which can variously seat between 128 and 168 passengers, filling a gap at the lower end of the seating scale.

The new model would be built on the existing 737 production lines. It could be developed quickly, for service by 1990 once go-ahead is given.

That depends entirely on winning orders. The company is canvassing airlines worldwide, especially in the US, and is confident of gaining its first launch customers later this year.

To date orders for all versions of the 737 total over 1,750, from 135 operators, of more than 1,330 of these have been delivered.

At the other end of the range-payload scale, Boeing is discussing with the airlines, a further derivative of the 767 twin-engined medium-to-long-range airliner, called the Series 400. This would complement the Series 300 extended range model, already under development.

Seating up to about 293 passengers and with a range of about 5,000 nautical miles, the 767-400 is seen by Boeing as a direct competitor to the proposed European Airbus A-330 twin-engined high-density airliner, which is intended to carry up to 328 passengers over the same distance.

This development is aimed at ensuring that Boeing can compete with both the proposed versions of the European Airbus, the A-330 short-range and the A-340 long-range aircraft.

Boeing is already developing a long-range model of the 767, the Series 300 ER, to carry up to 261 passengers more than 6,000 nautical miles and it has plans to extend this to match the 7,700 nautical miles capability of the Airbus A-340.

The short-to-medium range 767-400 will be launched as soon as Boeing has sufficient orders to justify development cost. The salesmen are on the road and orders could come later this year. The new version will be incorporated into the existing 767 production line.

A big market is foreseen for the 767-400 (as also for the A-330), especially as a replacement for high-density tri-jets such as the Lockheed TriStar and McDonnell Douglas DC-10 which have been used extensively on short-to-medium range routes.

British Airways is one major airline which has been showing interest in the 767 series, in both the Series 400 and the Series 300ER of the 767 Series.

The Series 400 could be a suitable replacement for BA's ageing TriStars on medium-range routes (as could the Airbus A-330), while the Series 300ER could be useful for long-range routes where traffic densities do not justify the use of bigger Boeing 747 Jumbo jets.

For both types of the 767, Rolls-Royce is interested in providing its RB-211-524-D4D engine. Both Boeing and Rolls-Royce confirm that they are discussing this possibility.

One special arena where the long-range 767 could be used is in what is called "extended range overwater operations" or "EROPs." Here twin-engined airliners are increasingly taking the place of four-engined Jumbos or three-engined DC-10s and TriStars on routes where long range is required but where traffic loads are light.

US rules, closely followed by other countries, have hitherto specified that twin-engined aircraft flying long distances over water must never be more than 120 minutes of single-engined flying time from a suitable airport. This limit is likely to be extended soon to 180 minutes.

This would virtually open the entire global long-range air route network to twin-engined long-range airliners, such as the 767, opening big new markets for such aircraft.

Gordon Cramb on the implications of a Swedish cosmetics group's latest acquisitions

Oriflame adds jewellery to its corporate crown

JEWELLERY HAS been heading the shopping list at Oriflame International, the Swedish direct-selling cosmetics company. The past year-and-a-half has brought just two such purchases, but each has been a chain of about 100 shops, and together they will have more than doubled the size of the group.

Oriflame is completing the acquisition in Britain of Goldsmiths Group, paying £42m ($66m) in cash and shares to claim at least third place in the UK specialist jewellery business.

In the summer of 1985 it paid SKr 146.4m ($22.7m) for Guldfynd, Sweden's largest jewellery chain, with a market share of about 25 per cent. That brought the group strongly into a sector in which until then it had a limited mail order exposure.

The 20-year-old Oriflame drapes itself wide across north-western Europe—it is managed as much from Brussels as from Stockholm, is incorporated in Luxembourg, manufactures in Ireland and has London as the main market for its shares. In addition, its products are sold in 25 countries worldwide.

The Guldfynd purchase was therefore an abrupt return to its Scandinavian origins. The latest deal not only redresses this balance, but makes Britain the group's biggest market.

Oriflame shares have rallied strongly in anticipation of yesterday's results, after falling about 7 per cent since the bid for Goldsmiths was launched. This had largely reflected the issue of new shares which represent 15 per cent of the company's expanded equity and £17m of the purchase price. If there were fears that the leap may have been too large, though, the experience with Guldfynd may be instructive.

The two acquisitions are perhaps notable more for their differences than for the similar sectors in which they operate. The Swedish company cost only a third of the price of Goldsmiths, was family controlled, and bought for cash. But it was also in rather worse shape, and Mr Jonas af Jochnick, Oriflame chairman, says: "If Guldfynd in three years is where Goldsmiths is today, we would be very pleased."

The start made over the past year has turned Guldfynd around from an operation providing margins of barely 1 per cent to 2 per cent, into a unit forecast to contribute £3m to 1987 profits from static turnover of £20m.

The most prominent feature of the period has been a programme of disposals and closures — nearly halving the Guldfynd inventory, ending its optical business, withdrawing from Finland, and cutting to 75 its high street frontages at home.

Mr af Jochnick says that nothing so drastic is in propect for Goldsmiths and is anxious that the strategy for Scandinavia should not be read as an asset shedding scheme undertaken for its own sake. The first thing he points out is that the number of remaining shops includes 15 new outlets. Capital investment has included a computerised stock control system providing daily feedback from each shop

He is dismissive of many jewellery shops: "People go there only when there is a wedding or something. We have got to get people going in spontaneously." The new 15 have been placed in premier shopping centres "where the people are and where the impulse buying is carried out."

Guldfynd has a middle-market image, but generally goes for exclusive marketing rights for ranges it buys in. It does, however, have a Cartier franchise for Sweden, and Mr af Jochnick says: "We are happy just to be able to sell Cartier."

Goldsmiths, which has promoted itself as "The Real Jeweller" with an emphasis on quality gems and adventurous commissioning of design, has been reassured that it will not be dragged down-market. It has a history going back to 1778, and pioneered the electroplating process for silver.

More recent years have brought diversification notably into hotel ownership—a dozen or so country establishments which the new parent may keep as a source of summer cash flow to offset the Christmas bias of jewellery sales.

Management at Goldsmiths is in any event to remain in place, and the business will not be merged into Guldfynd.

Oriflame does intend, however, as a next step to integrate Guldfynd with Lagonda, its Swedish mail order side. In the run-up to Christmas the first Guldfynd catalogue went out, to more than two thirds of all Swedish households. The group sees direct mail as more cost-effective than newspaper advertising, and there are no ads on Swedish television (Mr af Jochnick says ruefully: "If we could be there, we would").

But Sweden does offer one useful marketing tool, in the form of the government's personal files on its populace, which are available to commercial organisations for a fee. Far from Britain's out-of-date voters' rolls, these offer online data detailing not only address and gender but also age and income.

The initial salvo from Guldfynd will this year be followed up with a range of more carefully aimed mailshots to recipients chosen on all these criteria. Unless privacy gives way to privatisation, its new British sister company will have to be content with something rather more hit-or-miss.

ORIFLAME yesterday turned in an increase of just over a quarter in pre-tax profits for last year, to £6.49m ($10.2m) from £5.89m. The result came on sales ahead by more than half to £59.35m from £39.36m, in large measure reflecting the full inclusion of the Guldfynd Swedish jewellery business.

It is to pay a final dividend of 18.5p a share, taking the 1986 total from 24.5p to 29.5p, or 1p higher than forecast at the time of Oriflame's successful offer for Goldsmiths. This comes from net earnings per share of 59.7p against 51p.

A novel alternative is being provided in the form of a 10p cash distribution plus an offer of one warrant for every 10 shares held. These will have a seven-year life, with the subscription price fixed at 50 per cent above the average closing level for the four days to Friday. A one-for-four share split will follow.

Interest incomings rose to £1.46m from £924,000, but the company expects an interest charge in the current trading period, extended to 15 months. Mr Jonas af Jochnick (right), the chairman acknowledged in London that the Goldsmiths purchase meant that "we have spent our cash."

He remains on the lookout for new opportunities, however—notably in Asia where Oriflame already manufactures cosmetics in Thailand and Indonesia. One possibility is the Philippines, where it has had permission since 1981 to open a wholly-owned facility. Mr af Jochnick said he had received assurances that the permission remains under the new government.

In the UK, the future of the Goldsmiths hotels will be decided after next month following approaches numbering "well into two figures."

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UK NEWS

Westland report calls for law on share disclosure

BY PETER RIDDELL, POLITICAL EDITOR

EARLY legislation should be introduced to require prompt disclosure of the identity of those controlling nominee shareholdings, House of Commons select committee yesterday recommended in a scathing report on the Westland affair.

The cross-party trade and industry committee of MPs is strongly critical of the behaviour of many of the participants in the battle for the control of the Westland helicopter group in early 1986 and it argues for much greater disclosure.

In particular the report criticises the handling of the issue by the Government and highlights the role of Mr Alan Bristow, the helicopter entrepreneur, who made allegations about inducements offered to him connected with the use of substantial shareholding in the company.

The MPs say they "are disinclined to attach much credence to Mr Bristow's evidence except where this is corroborated independently. The conduct of Mr Bristow before the committee would be unacceptable to any committee of this House."

The report highlights the alleged concert party whereby a group of undisclosed shareholders acted together secretly to influence the future of the company.

Under company law any holding of 5 per cent or more in the shares of the company has to be disclosed. In the case of Westland, five separate nominee shareholdings totalled nearly 21 per cent of the equity of Westland at high prices and all the shares appeared to be voted in one direction.

Following evidence from the London Stock Exchange Council admitting that "it screams concert party," the committee says it therefore entertains "substantial suspicions, which however fall short of proof, that a concert party operated to purchase Westland's shares for locations outside the UK Government's jurisdiction."

"We consider that the public interest demands a high degree of transparency in share dealings involving a public limited company and this of course is especially so in the case of a company involved in defence contracts.

"The Westland case has demonstrated the inadequacy of the Stock Exchange rules to deal with this matter effectively and accordingly we recommend that the Government should introduce early legislation to require prompt disclosure of the identity of those controlling the voting rights in the shares."

The stock exchange had no comment to make yesterday apart to pointing to its long-standing view, expressed during the Westland affair, that "if shares were held by a nominee which refused to reveal the beneficial ownership, then those shares should be disenfranchised from voting." On Suday, Sir Nicholas Goodisen the stock exchange chairman, criticised the Government for failing to amend the Companies Act.

The committee also noted the proxy battle and what Sir John Cuckney, the Westland chairman, described in his evidence as the fan club phenomenon, whereby people buy shares because they want to support one option or another without any legally binding agreement, breach of the law or collusion.

The MP's argue that if their disclosure recommendation was accepted, those acting perfectly properly in such a way would be more easily descernible from those acting in concert with other parties.

The report notes conflicting statements of senior ministers on government policy on Westland and expresses its "deepest concern at the lack of co-ordination on matters of major policy formulation between two departments of state, and the perceived effect on the government's method of operation, and the commercial decisions concerning a major British defence contractor."

Commenting last night Mr John Smith, Labour's trade and industry spokesman, said the committee had done a "public service in exposing the inadequacy of stock exchange rules to stop the manipulation of shares in a takeover contest".

He said the report strongly supported Labour's call last week for a re-examination of the rules applying to nominee shareholders, and added that it could not be right that ownership of vital British companies could change hands on the basis of secret deals based outside UK jurisdiction.

Second report from the Trade and Industry Committee, Session 1986-87, Westland plc, House of Commons Paper 176, £10.40.

Third Market slides to new low

By Philip Coggan

THE THIRD MARKET index slid to its lowest level yet last week, at a time when the FT-SE 100 index was breaking the 2,000 barrier. Credit Suisse Buckmaster & Moore, the broker which compiles the index, reported that it had dropped to 90.3, compared with the base level of 100 when the market opened on January 26.

The new tier was designed as a forum for those companies which did not meet the criteria of either the full list or the Unlisted Securities Market.

However, because of the small size of the companies which have joined the market, turnover in the stocks has so far been slow, with the bulk of trading being conducted in Eglinton Oil and Gas, an Irish exploration company, that had previously been traded under Rule 535 (3).

Eglinton, which constitutes around half of the index, dropped 9.7 per cent last week, helping to push the index down by 4.8 per cent.

Overall, turnover on the market was slightly higher than in the previous week at £1.5m but well down on the levels achieved in the opening week. The USM showed a similar lull in trading after it opened in 1980.

Yesterday, Edenspring investments became the tenth company to join the Third Market via an introduction.

The group took its present form in November when Braham Hill, a company specialising in media and presentation training, reversed into Edenspring.

Unions widen Caterpillar protest

BY JIMMY BURNS IN LONDON AND WILLIAM DAWKINS IN BRUSSELS

SCOTTISH TRADE unions are securing international support for the workers' occupation of the Caterpillar plant at Uddington near Glasgow, in central Scotland.

The Scottish Trades Union Congress confirmed yesterday that it had received assurances from French and Belgian union officials that they would block any attempt by the US construction equipment maker to divert work normally done at the Scottish plant.

The occupation at Uddingston has been in force since the beginning of this year when the company announced that the plant was to close.

The international campaign is being co-ordinated by an ad hoc multinational union liason committee formed by shop stewards of Caterpillar's plants at Uddington and Leicester in Britain, Grenoble in France, and Charleroi in Belgium.

The self-proclaimed "European group" met in Charleroi yesterday to map out the details of their joint response to the company's restructuring plans which include the closure the Scottish plant with its 1,200 workforce.

Mr Ken Collins, a Labour Party member of the European Parliament, who set up an initial meeting between union leaders three weeks ago said yesterday: "This is the first time as far as I know that any multinational company has been faced with a transnational union force. It really is a meeting of historic importance."

Caterpillar described yesterday's meeting as an "unfortunate diversion" from what it said was the main issue of the lifting of the workers' occupation and the search for an agreed formula for the closure.

The company indicated that if the occupation continued indefinitely it would consider sacking the workforce at Uddington without severance pay.

About 900 workers at the Uddington plant voted overwhelmingly at the end of last month to continue their occupation which began in January in response to Caterpillar's closure announcement.

The company which has a total workforce of 53,000 – of which 5,000 are in Europe – said it was closing Uddington and two US plants

However, the morale of the occupying force has been increased by the growing political support it has received over the last two months.

The UK Government has made it clear both in public statements and in personal letters to senior Caterpillar executives by Mrs Margaret Thatcher, the British Prime Minister, that it could not accept the company's explanation less than four months after a much publicised $1bn 10-year investment programme to update production at its 30 sites worldwide.

Lonrho re-opens House of Fraser feud

BY CLAY HARRIS

LONRHO, the international trading conglomerate, went back on the offensive yesterday over House of Fraser, seeking "substantial damages" in a court action arising from the battle for the British stores group which ended, officially, nearly two years ago.

The group, headed by Mr Tiny Rowland, issued a writ in the High Court in London against House of Fraser Holdings; the company's owners, Mr Mohamed al-Fayed, Mr Salah al-Fayed and Mr Ali al-Fayed; Kleinwort Benson, the merchant bank; and Mr John MacArthur, a former Kleinwort director.

The writ alleges "fraudulent conspiracy" and "fraudulent and negligent mis-statements of fact" to the UK Office of Fair Trading (OFT), the British Trade Secretary and the former board of House of Fraser, the public company taken over by the al-Fayeds in March 1985. The writ claims that the alleged actions damaged Lonrho.

Lonrho said yesterday it would seek "substantial damages."

The allegations concern the climax in March 1985 of a long-running battle over the future of House of Fraser. Lonrho had been blocked by the UK Monopolies Commission in 1981 from bidding for the group and had given a commitment not to raise its holding from 29.9 per cent.

Lonrho was finally cleared on March 7 1985 to bid for House of Fraser after another reference to the Monopolies Commission in May 1984. The clearance, however, came three days after the Fraser board had recommended a £615m ($971.7m) bid from the al-Fayeds, who had bought Lonrho's stake in November 1984.

The al-Fayeds won control on March 11 and this was confirmed three days later when Mr Norman Tebbit, then the British Trade Secretary, allowed the bid to proceed without a reference to the Monopolies Commission.

The writ claims that certain facts about the background and financial resources of the al-Fayeds were mis-stated and misrepresented by Kleinwort and Mr MacArthur "with the intention of influencing the Secretary of State and the Department of Trade and Industry (DTI) and the OFT so that the Secretary of State would not refer to the MMC any merger situation involving Holdings (the al-Fayeds' company) and House of Fraser."

The writ states that Lonrho intended to acquire control of House of Fraser "at all material times from February 1981 onwards."

In a statement last night, the al-Fayed brothers noted that Lonrho had sold them effective control of House of Fraser and said: "We are already heavily engaged in our three legal actions against the Lonrho subsidiary, the Observer Ltd – actions characterised by the failure of Mr Rowland to produce any significant evidence to support allegations similar to those now mooted in the Lonrho action.

"Mr Rowland, too, despite all his bluster, failed to produce any of his alleged evidence either to the DTI or the Office of Fair Trading, who formally found his allegations to be without foundation. Nothing has changed."

Kleinwort declined to comment on the writ, which it said had not yet been served. Mr MacArthur, now chairman of merchant banking for Prudential-Bache Securities, was unavailable for comment. House of Fraser Holdings also made no statement.

Auctions in bonds likely

By Janet Bush

THE Bank of England is more than likely to go ahead with its proposed series of experimental auctions of UK government bonds after consultations with 27 primary dealers turned up no insuperable problems.

A final decision is likely to be announced by the bank by early April in time for the first auction to be held perhaps in late April or early May.

Gilt-edged market makers said the bank had given the impression during informal meeting with representatives from individual houses and at a full meeting with all 27 last Tuesday that it was strongly committed to going ahead with the trial auctions.

Bank officials reported the same willingness to try out auctions among market markers. There are now some quite technical points to be considered again by the Bank in light of comments received by market makers.

The major concern voiced by primary dealers has been the Bank's desire for them to underwrite each auction. At the same time, however, institutions can bid in the auctions direct to the bank.

The problem is that market makers may face bidding with inadequate knowledge of retail interest and therefore find it difficult to pitch their bid price accurately, risking substantial losses.

Two charged after JMB investigation

BY TERRY POVEY

THE FIRST serious charges arising from the police investigation of the affairs of Johnson Matthey Bankers (JMB) have been made.

Mr Ummed Golechha, a JMB borrower who ran a confirming house financing trade with Nigeria, was last weekend charged on nine counts covering false accounting and forging trade bills.

In a separate case, Mr Amjad Imam, who together with his brother ran the Altramar group of shipping and trading companies which owned JMB $37m at the time of its collapse in October 1984, has been charged with conspiracy to corrupt an executive of the bank.

JMB collapsed with suspected bad debts of £250m and was rescued by the Bank of England. In April last year, most of JMB was sold to Westpac, Australia's largest bank, for some £45m. However, the bulk of the bad loans were left with the Bank and operated under the name of Minorities Finance.

Since the autumn of 1985, the largest fraud investigation team ever put together in the UK has been examining the behaviour of JMB's staff and its debtors.

Mr Golechha ran three companies under the umbrella of U C Golechha – of which the most active was Berg Sons & Co, a confirming house based in the City of London at Leadenhall.

One Golechha company went into liquidation in the early 1980s and Berg Sons collapsed after JMB and other bankers refused to fund its continued operation in the wake of millions of pounds of defaults by traders dealing with Nigeria.

According to the court-appointed liquidator, Bergs Sons had debts of £16m and very few realisable assets when it was compulsorily wound up in the spring of 1985. Of this, some £3m was owed to JMB.

Almost simultaneously with the winding up of Berg Sons, Mr Golechha began work in Berg Sons (UK), a newly formed company operating from the same City address with most of its shares owned by his former accountant.

Mr Imam's charge relates to a payment of some £5,000 alleged to have been made to Mr Michael Flawn, a former assistant manager in JMB's banking department. Mr Flawn was dismissed from JMB in the summer of 1984 when the £5,000 payment was discovered by his superiors.

Last September, Mr Flawn was charged on six separate counts of theft from JMB and at the time fraud squad officers told the court that further more serious charges were pending.

Last month, Mr Imam was brought before magistrates in London, his passport was removed and he was ordered to report to a police station every day. Mr Golechha's passport, and that of Mr Rajendra Choraria who is jointly charged with him, have also been removed.

De Beers

Provisional Annual Financial Statements and Declaration of Dividend

The following are unaudited abridged consolidated financial statements for the year ended 31st December 1986 together with comparative figures for the year ended 31st December 1985.

CONSOLIDATED INCOME STATEMENT

	Year ended 31 December 1986 (R millions)	1985
Diamond account	1 362	1 140
Investment income	274	215
Other interest	76	82
Net surplus on realisation of fixed assets	1	8
Net surplus on realisation of investments	1	27
	1 714	1 472
Deduct:		
Prospecting and research	115	109
General charges	10	8
Interest payable	70	162
Amount written off fixed assets and loans	4	3
	199	282
Profit before tax	1 515	1 190
Deduct:		
Tax	568	374
Mining leases consideration	67	37
	635	411
Profit after tax	880	779
Deduct:		
Profit attributable to outside shareholders in subsidiaries	116	128
Dividends on preference shares	2	2
	118	130
Attributable earnings	762	649
Share of retained profits after tax of associated companies	389	386
Equity accounted earnings	1 151	1 035
Deduct:		
Share of extraordinary losses of associated companies	51	63
	1 100	972
Deduct:		
Transfers to reserves including share of retained profits of associated companies	316	336
Deferred dividends — 80 cents per share (1985: 55 cents)	288	198
	604	534
Increase in unappropriated profit	496	438
Earnings per deferred share before extraordinary items — cents:		
—Excluding share of retained profits of associates	212	180
—Including share of retained profits of associates	329	288

CONSOLIDATED BALANCE SHEET

	Year ended 31 December 1986 (R millions)	1985
Deferred share capital	18	18
Non-distributable reserves	2 359	2 082
Distributable reserves	5 885	6 006
Deferred shareholders' funds	8 262	8 106
Preference share capital	7	7
Outside shareholders' interests in subsidiary companies	113	250
Long- and medium-term liabilities	527	980
	8 909	9 343
Fixed assets:		
Claims, mining interests and property	280	313
Plant, permanent works and buildings	126	127
Unlisted trade investments (Directors' valuation R2 134 million—1985: R1 215 million)	330	403
	736	843
Stores and materials	137	121
Diamond stocks	4 037	4 887
Listed investments (Market value R8 491 million — 1985: R5 291 million)	3 007	2 672
Unlisted investments (Director's valuation R508 million—1985: R446 million	227	191
Loans	119	143
	8 263	8 857
Current assets:		
Cash	792	281
Other current assets	1 186	1 213
	1 978	1 494
Less: Current liabilities:		
Tax	344	218
Dividends	217	145
Creditors	715	462
Bank borrowings	56	183
	1 332	1 008
Net current assets	646	486
	8 909	9 343

Notes and comments:

1. **Diamond sales**
CSO Sales in 1986 expressed in the currency of sale rose by US$734 million or 40 per cent to US$2 557 million. When expressed in Rand at the rates ruling at the time of each sight, averaging $0.4326 for the year (1985: $0.4525), sales were R5 910 million compared with R4 027 million the previous year. There were two price increases during the year, averaging 7½ per cent and 7 per cent in May and November respectively.

2. **Diamond stocks**
Diamond stocks at R4 037 million were lower by R850 million of which R721 million was attributable to the higher rand/dollar exchange rate as applied to opening stocks, and R129 million to a real reduction in stocks. Converted at the rates of exchange at the end of each year stocks were $1 898 million in 1985, and $1 847 million in 1986, a reduction of $51 million.

3. **Group funding**
Preference shares of R89 million outstanding at 31 December 1985 were redeemed during the year. Long- and medium-term liabilities reduced by R453 million to R527 million and net current assets increased by R160 million to R646 million so that the apparent overall improvement in funding amounted to R702 million. Had the conversion rate used in 1986 applied to both years such improvement would have amounted to R530 million.

4. Attributable earnings excluding the share of retained profits of associates converted at the year end rate of $0.4576 (1985: $0.3883) amounted to $349 million (1985: $252 million) and to $527 million (1985: $402 million) including the share of retained profits of associates.

5. **Production**
Work on the reactivation of the Koffiefontein diamond mine in the Orange Free State will commence immediately. The mine is expected to be back in production early in 1988 reaching full production a year later.
Production from the Annex Kleinzee treatment plant in Namaqualand resumed in January 1987.
In addition, CDM (Proprietary) Limited has announced that its No. 3 plant will be brought back into production at the beginning of 1988 and the No. 1 plant will be converted to enable it to treat dump material.

Declaration of Dividend No. 134 on the deferred shares

On 10th March 1987 dividend No. 134 of 60 cents per share (1985: 40 cents) being the final dividend for the year ended 31st December 1986, was declared payable to the holders of deferred shares registered in the books of the company at the close of business on 27th March 1987, and to persons presenting coupon No. 78 detached from deferred share warrants to bearer. This dividend, together with the interim dividend of 20 cents per share declared on 19th August 1986, makes a total of 80 cents per share for the year (1985: 55 cents). A notice regarding payment of dividends on coupon No. 78 detached from share warrants to bearer, will be published in the press by the London Secretaries of the Company on or about 20th March 1987.

The deferred share transfer registers and registers of members will be closed from 28th March 1987 to 10th April 1987, both days inclusive, and warrants will be posted from the Johannesburg and United Kingdom transfer offices on or about 5th May 1987. Registered shareholders paid by the United Kingdom registrars will receive their dividend in United Kingdom currency converted at the rate of exchange applicable on 30th March 1987, less appropriate taxes. Any such shareholders may, however, elect to be paid in South African currency, provided that the request is received at the Company's transfer offices in Johannesburg or the United Kingdom on or before 27th March 1987.

The effective rate of non-resident shareholders' tax is 6.818 per cent.

The dividend is payable subject to conditions which can be inspected at the head office and London office of the Company and also at the Company's transfer offices in Johannesburg and the United Kingdom.

For and on behalf of the board

J. OGILVIE THOMPSON } Directors
N. F. OPPENHEIMER }

10th March 1987

Head Office: 36 Stockdale Street, Kimberley, South Africa.
London Secretaries: Anglo American Corporation of South Africa Limited, 40 Holborn Viaduct, London EC1P 1AJ.
Transfer Secretaries: Consolidated Share Registrars Limited, 40 Commissioner Street, Johannesburg, (P.O. Box 61051, Marshalltown, 2107)
Hill Samuel Registrars Limited, 6 Greencoat Place, London SW1P 1PL.

De Beers Consolidated Mines Limited

Incorporated in the Republic of South Africa
Company Registration No. 11/00007/06

UK NEWS

'No evidence' that MPs were misled over TSB

BY DAVID LASCELLES, BANKING EDITOR

THERE is no evidence that parliament was misled by the Government about the ownership of the TSB (Trustee Savings Banks) or about the bank's right to retain the sizable sum of money raised by its public flotation last year.

This is the conclusion of a report published yesterday by the National Audit Office, the independent agency which reports to parliament on the conduct of government.

The report, prepared by Sir Gordon Downey, the Comptroller and Auditor General, should help end the controversy over the Government's decision to treat the TSB as if it had no owners because of its unique status. It will be considered by the all-party Public Accounts Committee on April 1.

Many people both in parliament and outside had argued that the TSB belonged either to its depositors or to the state and that these supposed owners should have received the sale proceeds. The sale was delayed for eight months while the ownership issue was pursued to the House of Lords, where it was ruled that the depositors had no rights to the TSB's assets. However, the Lords said that the TSB and the assets "belong to the state."

Sir Gordon says that the NAO's examinations disclosed no evidence for believing that parliament was misled when it was asked to approve the 1985 TSB Act. The view expressed by the Government in the preceding White Paper (policy document) that the TSB did not belong to it was in accordance with the legal advice obtained. A distinction could be made between "the Government" and "the state."

The NAO also found no evidence that parliament was misled by the Government when it proposed that the TSB should be allowed to retain its existing reserves and any fresh capital subscribed by new shareholders.

However, Sir Gordon raises the possibility that parliament might have taken a different view if it had been better informed as to whether the TSB really needed all this capital. "This matter does not appear to have been as fully considered as the sums at stake would seem to justify," he says. At the flotation, the TSB had reserves of some £870m, and it raised a further £1.3bn from the sale, making it one of the most strongly capitalised banks in the UK.

Sir Gordon says it is a matter of conjecture whether parliament might have taken a different view on the 1985 legislation if it had known about the House of Lords judgment. But he concludes that the Government made "all reasonable efforts" to disclose the position on the TSB both at the outset and as matters developed.

The Treasury said it had no comment on the report yesterday but would await the PAC hearing. The TSB welcomed its conclusions.

Trustee Savings Banks: Rights of Ownership. Commons Paper 237. HMSO £2.50

Harwell in computer venture

BY DAVID FISHLOCK, SCIENCE EDITOR

HARWELL, the Atomic Energy Research Establishment near Oxford, has given birth to its first non-nuclear trading company, selling computer software worldwide.

Harwell Computer Power is a tripartite enterprise also involving Computer Power Pty of Australia, and Rothschild Ventures. Its launch is backed by more than £1m.

It aims to sell software developed by Harwell's computer science and systems division over the past 15 years. Its main product is Status, which is claimed to be the world's leading information retrieval software, already running on more than 500 installations worldwide.

Harwell's parent body, the UK Atomic Energy Authority (UKAEA), won freedom to spawn non-nuclear companies when the Government placed its finances on a quasi-commercial "trading fund" basis a year ago. This gave it rights to exploit commercially its own intellectual property, and any to which it has legal rights through collaboration.

Harwell pioneered the marketing of research by government laboratories in Britain. It demostrated the strength of the Whitehall theory that although government-funded innovation was freely available, almost no one in British industry would show any interest.

If, on the other hand, exclusive deals were made with the private sector, technology transfer and commercial exploitation would go much faster.

Harwell also disproved a widespread belief that scientists do not care what happens to their research. It demonstrated that, with the right kind of support, scientists make good salesmen for their own intellectual property.

Harwell is the biggest of seven research centres of the UKAEA, spending over a quarter of the budget, about £125m, this year. Many of the basic principles of the trading fund were first demonstrated and refined at Harwell, on a research programme earning over one-quarter of the budget as non-nuclear contracts.

Harwell's reactors, for example, earn £12m a year "marketing neutrons." One big client is the West German company Wacker, a supplier of silicon ingots to the semiconductor industry.

Harwell backs its contract research with a substantial programme of "underlying" research at academic level, costing £30.9m, this year, paid for by the Energy Department. Dr Graeme Low, Harwell's director, says that from industry's standpoint, its paramount strength is the way it combines its bedrock of science with engineering experience.

Such studies, founded on techniques Harwell uses to peer into nuclear reactions, have been the basis for two of its "research clubs." Income from the clubs (more than 20 have been formed) has been growing at 20 per cent a year, says Dr Ron Sowden, industrial research director and will exceed £4m this year.

Vauxhall predicts operating profit

By Kenneth Gooding

THE COST-CUTTING programme by Vauxhall, General Motors' UK car subsidiary, is making better progress than expected and the company will make a profit at the operating level this year, Mr John Bagshaw, chairman, said yesterday.

Whether Vauxhall declared a net profit would depend on the value of the D-Mark against the pound because the company imports a great many cars and components from Opel, GM's West German offshoot.

If the pound remained at about DM 2.90, Vauxhall would make a net profit, Mr Bagshaw said. He repeated his estimate that every time the D-Mark strengthened by one pfennig, it cost Vauxhall £1m in lost earnings.

Vauxhall's 1986 result, to be announced shortly, would be at least as bad as the £47.9m net loss the previous year, mainly because of currency factors, he warned.

Mr Bagshaw said Vauxhall had identified ways it could cut costs throughout the organisation by more than 20 per cent and should achieve well over the 25 per cent cost-cutting target it had set itself for the three years from the middle of 1986.

Some of the changes would involve negotiations over new working practices.

Vauxhall would get the 1,000 voluntary redundancies and early retirement it had asked for by next month. Undoubtedly, more jobs would go in some parts of Vauxhall's business, but other sectors would need more people.

Mr Bagshaw said Vauxhall had reduced car stocks to appropriate levels, production planning was "in good shape," and both car assembly plants were working at close to rated capacity. Ellesmere Port on Merseyside was producing 33 cars an hour, against a capacity of 35, while Luton, Bedfordshire, was operating at 28 cars, compared with capacity of 32.

GM's programme to source more components from the UK was also going well, he claimed. "We were caught with too much sourcing in currencies other than the pound," he admitted.

Clydesdale Bank PLC

BASE RATE CHANGE

Clydesdale Bank PLC announces that with effect from 11th March 1987, its Base Rate for lending is being reduced from 11% to 10½% per annum

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UK NEWS

EAST EUROPEAN COUNTRIES ACCUSED OF DUMPING

Call to curb cheap refrigerators

BY CHRISTOPHER PARKES, CONSUMER INDUSTRIES EDITOR

BRITISH appliance companies have asked the European Commission to tighten controls on imports of cheap refrigerators from the Soviet Union, Romania, Yugoslavia and other East European countries.

A dumping agreement, signed in 1981 and coming up for review in June, should be renegotiated on tougher terms, Mr Jim Collis, director general of the Association of Manufacturers of Domestic Appliances (Amdea), said yesterday.

The whole of the European Community was suffering from similar products being dumped at below the cost of production.

East European single-door refrigerators were being landed in the UK last year for £50. The average price of comparable products from EEC manufacturers was £85, Mr Collis said.

A 4.9 cu. ft. Romanian refrigerator cost $81.70 (£51) retail compared with £101 for the cheapest British-made model.

East European imports into the UK had increased from 54,000 units in 1981 to 107,000 in 1985, although they had fallen slightly last year.

Imports from all sources continued to account for a large proportion of all electrical appliances sold in the UK last year, according to Amdea statistics published yesterday. Deliveries of automatic washing machines to the trade rose 8 per cent to 1.9m units. Imports, mostly from Italy, took 47 per cent of the market.

The fast-growing dishwasher market, which absorbed 331,000 machines last year, was filled almost entirely by imports.

British manufacturers fared better in the market for free-standing electric cookers, which grew 19 per cent in 1986. They accounted for 87 per cent of the 588,000 deliveries recorded.

However, Italian, West German and French suppliers maintained a strong hold on the more buoyant built-in cooker business. They provided 83 per cent of the 265,000 built-in hobs delivered in Britain last year – up 44 per cent. Built-in oven sales rose 24 per cent to 424,000, with 85 per cent imported.

Best growth for British companies was recorded in the space heating market. Storage heater sales rose 40 per cent to more than 1m, fan heaters were up 17 per cent, and deliveries of other heating appliances increased 54 per cent.

● European appliance makers, pursuing an anti-dumping claim against Japanese and South Korean microwave oven makers, may ask the commission to impose provisional duties on imports in June, Mr Collis said.

Brussels investigators are touring British microwave factories and will shortly move on to Japan and Korea. Mr Collis said he thought the case might not be completed until the end of the year.

Almost 90 per cent of the 1.97m microwave ovens delivered to the trade in Britain last year were imported.

Developers 'will not devour farm land'

BY JOAN GRAY, CONSTRUCTION CORRESPONDENT

THE GOVERNMENT has emphasised that its plans for Britain's surplus agricultural land will not give developers a licence to build new housing estates or shopping centres on redundant green fields.

Announcing details of permitted new uses for agricultural land and policies for helping the rural economy to diversify, Mr Michael Jopling, Agriculture Minister, described some reports that the countryside would be covered in concrete and trees as nonsense.

In a joint announcement with Mr Nicholas Ridley, Environment Secretary, Mr Jopling emphasised: "We do not intend to allow developers to devour our green and pleasant land. Nor do we intend to blanket the countryside in conifers or to trample over our natural resources or to impoverish farmers."

"What we do intend to do is to achieve a reasonable balance between farming interests, the wider economic and social needs of rural areas, the conservation of the countryside, and the promotion of its enjoyment by the public."

While expecting farming to remain the major activity in the countryside, the new policies would concentrate on cutting food production to bring it into better balance with demand, he said.

Forestry would be expanded particularly to encourage the growth of farm woodlands and by planting deciduous trees on better quality agricultural land, and helping farmers to diversify into other activities.

An extra £3m was being added to the Development Commission's budget of £27m to provide grants to encourage farmers to diversify into everything from speciality cheese making to manufacturing craft souvenirs or electronic equipment, he said. But what farmers would not be encouraged to do was to sell their spare acres for development.

After the Government's determination not to allow building on statutorily-protected land (Green Belt), Mr Ridley emphasised that surplus agricultural land would also be protected from development.

"The planning system will facilitate small-scale development where that is needed, but it will not result in a greater uptake of open land than hitherto."

Rather than use surplus farm land for building, the Government wanted to continue encouraging as much development as possible in the inner cities and on derelict industrial land.

Hawker will merge battery subsidiaries

BY CLAY HARRIS

HAWKER SIDDELEY, the electrical and mechanical engineering group, is to combine its Oldham and Crompton battery subsidiaries in an effort to increase production efficiency and market share.

Oldham Crompton will have a combined turnover of £40m and rank second to Chloride in the UK non-consumer market.

The merger is intended to reduce duplication between Oldham's factory at Denton, Manchester, where the new company will be based, and Crompton's plant at Newport, Gwent, in South Wales. Research efforts will also be pooled. Both brands will be retained.

"Some degree of rationalisation will inevitably be necessary to achieve the full benefits of the reorganisation," Mr John Richardson, Oldham Crompton chairman, said yesterday. "However, we cannot see any need for job reductions as a result of combining the two companies."

The company employs more than 500 people in Manchester and 210 in Newport.

The merger does not affect Hawker's other non-consumer battery companies, which include Tungstone and Oldham France, each also with annual sales of about £40m, or Crompton Vidor, which jostles with Varta for third place in the UK consumer market.

● Hawker has secured its agreed $31m (£20m) takeover of Clarostat Manufacturing, a US maker of voltage controllers. Acceptances of a cash tender offer have raised Hawker's stake to 94 per cent, more than the level required for a merger under New York law.

Business centre planned for Belfast riverside

BY OUR BELFAST CORRESPONDENT

A PLAN for a £240m waterfront development along the River Lagan in Belfast was put forward in a report to the Government yesterday.

The Northern Ireland Department of the Environment commissioned the study of 1½ miles of both banks of the river running through the city as part of its drive to revitalise Belfast after years of civil unrest and industrial decline.

The report envisages the development of the riverside through to 1997. It would cost £240m of which £30m would be for land reclamation and infrastructure, and could create 2,000 to 3,000 jobs. The development is forecast to raise an additional £3.75m to £4.5m of property tax income a year.

The study was compiled by Shepheard, Epstein and Hunter of London and Building Design Partnership of Belfast. They said the proposals could make the Lagan one of the most attractive rivers in Europe.

The plans include the development of a "business village" on the site of the former Belfast Council gasworks, a harbour village in the docks, comprising a marina, maritime museum and waterfront housing, and the creation of an island as a leisure and recreational centre.

In addition, existing waterfront areas would be developed commercially or as landscaped embankments.

The consultants said that the proposals would create "significant opportunities for private-sector investment."

Mr Richard Needham, Environment Minister at the Northern Ireland Office, said the image of Belfast to those who had never visited the city was often "far removed from reality."

He said: "This study describes the potential which exists to transform the environmental quality of a vital part of the city and, by this means, to help transform perceptions of Belfast at an international level. The proposals are visionary. They are ambitious in scope, but are also pragmatic."

Scots 'face disaffection'

BY JAMES BUXTON, SCOTTISH CORRESPONDENT

DISAFFECTION with the north-south divide in Britain could threaten the stability of parliamentary democracy and endanger internal security. This warning was given yesterday by Mr Donald McCallum, chairman of the Scottish Council (Development and Industry), a body which represents companies, trade unions, local authorities and other groups in Scotland.

The council appealed for the Government to restore levels of spending on regional development grants to the levels prevailing in 1981-82. There should be a new approach to regional aid, giving it a more dynamic title such as "enterprise development policy."

The cut in government incentives to Scottish industry, especially since 1984, had been "cruelly harsh" and had "seriously damaged the prospects for investment and employment throughout the country," the council said yesterday.

UK NEWS

Peter Marsh assesses hopes for a government boost to research

British space projects await blast-off

THE GOVERNMENT is expected to reveal shortly whether Britain is to follow the trend of other major West European countries and greatly increase its activities in space science and technology.

The long-awaited announcement on Britain's space plan, which has been under consideration since last July, could involve a doubling by 1990 of the UK's annual space budget, which stands now at about £100m.

Advocates of a higher UK profile in space point to the huge commercial potential of projects such as communications satellites and the gathering of pictures of the Earth from orbiting vehicles. Such pictures can help farmers monitor crop growth or pick out minerals deposits for mining companies.

Increased government spending in space research will also be required if Britain is to play a major part in an international programme over the next decade to build a $12bn (7.7bn) manned space station. This would house laboratories for jobs such as the production of new drugs and alloys under weightlessness.

The project, involving the US, Japan, Canada and Western Europe, is due to receive the final go-ahead in the summer after three years of negotiations.

Essentially, the Government announcement on space policy will reveal whether an undertaking two years ago by Mr Geoffrey Pattie, the UK's industry minister with responsibility for aerospace, is to be backed with hard cash.

At a ministerial meeting in Rome in January 1985 of the European Space Agency (ESA), the Paris-based body which co-ordinates Western Europe's extraterrestrial activities, Mr Pattie was happy to go along with the agency's plan to increase its budget by 70 per cent by 1990.

The agreement on the extra funds, bringing ESA's annual budget to about £1.2bn by the end of the decade, was required for the agency to start a range of ambitious programmes. These include a heavy-duty Ariane launcher, the French-inspired Hermes space shuttle, which will take people into orbit, and the Columbus orbiting laboratory, which is intended to plug into the international space station.

Mr Pattie knew, at the time of the Rome meeting, that he would face a tough time back in London, winning support among his ministerial colleagues for a hefty increase in spending in what, up to now, has been an esoteric area of research.

In 1985, the UK spent about £100m on civilian space science and technology, a sum that, allowing for inflation, will be required roughly to double by 1990 for Britain to continue to contribute about 12 per cent of ESA's spending.

Of Britain's total space budget, the ESA contribution swallwns roughly two-thirds, with the rest spent on non-European ventures such as purely British satellite projects or joint programmes with the US and Japan.

About 18 months ago, the British National Space Centre, an umbrella Whitehall body for the UK's space activities which was itself formed only at the beginning of 1985, started work on Britain's space plan. Mr Pattie realised that to win over the rest of the Government the plan would have to make a strong case for increased space spending generating commercial opportunities for UK companies.

With this in mind, Mr Roy Gibson, director general of Britain's space centre, has encouraged industry to contribute to the plan. Mr

Geoffrey Pattie: gave undertaking

Gibson, a wily and experienced administrator who between 1975 and 1980 was head of the European Space Agency, was appointed to his post in November 1985 on a three-year contract.

Companies such as Marconi, Racal-Decca, Plessey and British Aerespace, all of which are involved in the space business through work in areas such as satellites and telecommunications ground terminals, were asked to tell Mr Gibson's staff how much they had themselves invested in the space business, together with what they expected to invest over the next five years.

The figures have not been published, and in any case would not make for dramatic reading. According to the Organisation for Economic Cooperation and Development, Britain's space industry in 1983 had a total turnover of only $180m, compared to $5.9bn in the US, $400m in Japan, $380m in France and $250m in West Germany.

Industry, however, has generally taken a bullish view on commercial prospects from space. Mr Peter Blair, director of Racal-Decca Advanced Developments, said: "Space technology is an excellent area for expansion."

Mr Philip Hughes, chairman of Logica, one of the UK's leading software companies, said that although Logica's space division contributed only about 3 per cent of total sales, it was growing extremely rapidly.

By requiring engineers to work out advanced software techniques, computer-related space projects can bring "enormous spin-offs" to other sectors of business, said Mr Hughes.

Mr Bill Barbone, director for business development at Marconi Communications Systems, said industry wanted the Government to invest in space research to ensure that UK companies do not fall behind industry in the rest of Europe.

Mr Barbone, chairman of the UK Industrial Space Committee, and who has a seat on the board of the British space centre, said that in other countries companies expected the taxpayer to put large sums into the space business, and he felt the same should apply in Britain.

By international standards, Britain's state spending on space science and technology is small. The country is the fourth biggest spender on space in Western Europe, trailing Italy, the budget of which is only slightly larger, and well behind France and West Germany, which spend respectively four and three times more in this area than Britain, according to 1985 figures.

The budgets of all these countries have increased substantially in recent years.

The draft UK space plan went to Mr Pattie last summer. It has since been revised and passed to other government ministers, notably Mr Paul Channon, the Trade and Industry Secretary, and Mr Kenneth Baker, the Education and Science Secretary.

It is believed that Mr Gibson has presented ministers with a "menu" of different choices for expanding Britain's space budget, outlining the way that particular options would be likely to lead to different orders of commercial spin-offs and also how the various possibilities would affect Britain's role in the European space programme.

On proposals for specific research, it is thought that Mr Gibson has put particular stress on remote-sensing.

This is the obtaining of high-resolution pictures of the Earth, either from satellites or from platforms which astronauts can visit, to replace cameras for instance. Britain is due to build such a platform as part of the Columbus scheme.

Research projects for remote sensing, to be funded under an expanded space programme, could include schemes to encourage map makers or the planning departments of local authorities to use information obtained from space snapshots, as an alternative to collecting the information through ground surveys.

The space plan is also expected to make a strong case for Hotol (Horizontal Take Off and Landing), a revolutionary space launcher based on the ideas of Rolls-Royce and British Aerospace. Although the project is still at an early stage, Mr Pattie feels that, if backed by ESA, Hotol could turn out into a world-beating aerospace vehicle that could greatly reduce the costs of taking people into space

Align-Rite plans $36m expansion worldwide

By Anthony Moreton in Zurich

ALIGN-RITE International, the Bridgend, South Wales-based manufacturer of photomasks for the semiconductor industry, is to undertake a $36m (£23m) expansion over the next five years.

The move involves expansion at its present plants at Bridgend and at Burbank, California, and the creation of new operating units in continental Europe and the Far East. The intention is to turn the concern into a leading multinational supplier to the semiconductor industry.

Announcing, the plans in Zurich last night Mr James MacDonald, Chairman, said it was hoped to have both the extended Bridgend plant and the new facility in Europe in operation by summer 1989.

Align-Rite's venture capital backers, Hambrecht and Quist in the US, together with Charterhouse Japhet, Prutech and Foreign and Colonial in the UK, are expected to fund part of the investment programme. Other outside assistance will come from regional grants and the concern will contribute itself from retained earnings. Align-Rite is also investigating the possibility of seeking a quote on London's unlisted Securities Market.

The company is unusual in that although founded in Burbank, where it still has a major operation, its headquarters have been switched to Bridgend and the parent is now a British company.

The expansion at Bridgend is expected to add about 36 workers to the present 58 total. Another 40 should be created in the continental European site and a further 30-40in the Far East. When the expansion programme has been completed the company will employ around 330 people compared with its present 140.

The investment is being spread almost equally among Europe, the US and the Far East. Talks have already been held with a number of European authorities in West Germany, the Netherlands and France, but no site decision is likely before the autumn. In the Far East, Singapore, South Korea, Hong Kong and Taiwan are options.

Some $12m is to be spent on electron beam manufacturing to meet the demands of semiconductor manufacturers.

Mr John Traub, director of international business development, who runs the Bridgeend operation, said that "impressive growth and stable market conditions in Europe have been the trigger for the new investment".

Align-Rite could capture a good part of that growth he believed

Most of the $290m European market is supplied in-house with only about 7 per cent coming from the independents.

The in-house manufacturers, which make semiconductors for themselves, face increasing costs to meet the demands of new technology, giving scope for the independents to get nearer the position in the US where they account for about a fifth of the $700m market, or eventually Japan, where they account for almost 80 per cent of a market thought to be worth $450m - $500m.

Park plant to cushion ICI job losses

BY IAN HAMILTON FAZEY, NORTHERN CORRESPONDENT

ICI'S RUNDOWN of its agricultural division at Billingham will cost Teesside about 250 jobs a year for the next five years. The company confirmed yesterday that the 2,500-strong workforce will eventually be halved.

ICI hopes the impact of the losses will be cushioned by the timescale. But it is also going to support new jobs in the area by turning over farmland it owns adjoining its Billingham works for a 167-acre technology park, first details of which were revealed yesterday.

This will called the Belasis Hall Technology Park and will be developed jointly by the chemicals giant and English Estates. A joint company is being formed to run it, though ICI will be providing the chief executive and consultancy services for the first 10 years.

A planning application was made yesterday to Stockton Borough Council for the £4.77m first phase of the park, which involves 50 acres.

The plan is for English estates to spend £2.37m on seven "pavilion-style" buildings totaling 50,000 sq ft. These will divided into a range of accommodation, from 150 sq ft rooms to 10,000 sq ft areas for workshops and offices.

The rest of the money will go into roads, services and landscaping. One third each will come from ICI, the local authority, and various government sources, including the urban programme. Completion is expected by spring next year, with a potential of 200 new jobs.

The park will take its name from a medieval moated manor house which once stood on the site.

Other parts of the park will be on offer to private developers and individual companies wanting to build their own premises. Target businesses will be involved in computer software, instrumentation systems control, specialist engineering, biotechnology and related activities.

English Estates will also provide a senior manager on site to help with property advice and business assistance to its tenants.

The idea is similar to schemes started by two other large employers which have been reducing workforces in the north of England. The prototype was the Wavertree Technology Park in Liverpool, where English Estates is involved with Plessey, the local authority and the Government.

Last year, Shell turned over redundant land and buildings in its Carrington complex, near Manchester, for a business park aimed primarily at small businesses.

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THE ARTS

Television/Christopher Dunkley

AIDS breaks conspiracy of silence

There have been many remarkable aspects to the Aids campaign on television. The speed with which it has been produced has been impressive. The co-operation between BBC and ITV has been unprecedented. The explicit nature of the language, after a lifetime of fumbling euphemisms on the subject of sex, has been interesting. The courage of several presenters has been admirable: in particular one thinks of Mike Smith's sensible handling of ITV's outspoken *First Aids* marathon aimed at teenagers, and Pattie Coldwell's competence and common sense in dealing with callers to the *Open Air* evening programmes. (Incidentally, what has the woman been living on, benzedrine and black coffee? Having appeared on live shows early every morning and late every night — or so it seems — she turns up in a hard hat as a DIY builder in *On The House* at the weekend !).

The role of the condom alone in the past fortnight could form the subject for a thesis. Throughout the entire history of the medium British television has cowered in wittering fear from Rubber Johnnie.

The IBA has *steadfastly* refused advertisements for condoms, and when the London Rubber Company (brought your shares yet? be quick) decorated a racing car with Durex ads the BBC refused to film it. But in the past two weeks we have seen a man rolling a condom onto the erect fingers of his lady companion on peak-time nationwide television. The *Spitting Image* puppets have chanted "We've put a condom on our Willie" and a model of Lord Whitelaw has appeared, sheathed in rubber. Ian Dury has rolled a condom onto a life-size plaster phallus. We have heard about banana flavoured condoms, black condoms, and traditional fish-skin condoms. As in the childhood game of repetition, the word has been said so often that it is becoming meaningless.

However, the most interesting aspect of the whole campaign is not the content of the programmes but the long term implications. How can the IBA possibly sustain its opposition to family planning commercials now? If the Aids campaign works and the disease is successfully contained in Britain, will television be given the credit, or will people say "Typical of television, a lot of song and dance about nothing" and then take no notice next time some emergency gets television's blitz treatment? Above all could it be, as I suspect, that this campaign will eventually be seen as a classic illustration of the chasm which exists between television and much of the general public as regards so many social attitudes?

If you have been watching television exhaustively you may have gathered a couple of clues about the true risk of Aids among heterosexuals. *Horizon* for example, reported on 1,000 male heterosexual haemophiliacs who became antibody-positive six or seven years ago thanks to contaminated blood transfusions. *In all* the intervening years only about 5 per cent of their female partners have also become antibody positive. This led a doctor from the Royal Free to conclude that it was "very difficult" to transmit Aids heterosexually.

But that is not the message that has been hammered *home* everywhere else. What we have been told repeatedly is that although the figures still show an overwhelming majority of Aids cases among male homosexuals and (to a *smaller but* growing extent) drug addicts and bisexuals "We are all at risk now." Because the incidence of Aids among British heterosexuals is still so low, figures for heterosexual Aids in central Africa have often been held up on television as a frightener, without any mention of the crucial differences between Africa and the UK in regard to public health and the *statistics for other sexually* transmitted diseases. For facts of that sort you have had to look to newspapers.

Mike Smith

The television campaign has given the impression, more often than not, of being *primarily* concerned with avoiding any possibility of promiscuous homosexuals being "blamed" for spreading the dread disease. This approach is commendably humane, particularly when contrasted with the apparent glee behind *some* of the "Gay Plague!" headlines in the *tabloid* press. Yet in bending over backwards to avoid blaming homosexuals and then leaning much too far the other way in the pretence that heterosexual practices are just as risky, television may have *shown how far out of touch it* is with the public.

On one of *Open Air's* phone-in programmes last week one of those modern clergymen who look and sound like social *workers declared* that *homosexuality* was perfectly "*natural.*" Oh *not it wasn't*, said the woman on the phone scathingly, there was nothing "natural" about one man *introducing* his penis into another man's rectum. With a shock one recognised the authentic voice of a large part of the public usually missing from television. In the studio the clergyman and the representative of the Terence Higgins Trust grinned sheepishly and one of them muttered something about there being other ways for men to make love.

It was a fascinating example of what can happen when television puts aside the conventions. *If you abandon the usual* television taboos on words such as condom and vagina and even "rimming" — which Anna Raeburn defined eagerly the night before — and you allow the public onto the air, if only *in sound*, then you run the risk of breaking wide open the *tacit but immensely strong* conspiracy which has dominated public intercourse on British television for decades.

It is the conspiracy which *prevents ordinary people*, those not professionally involved in the mass media, from expressing what they really feel about homosexuality, race, capital punishment, feminism, and so on. Of course there is a liberal minded group *among* the *public* who argue for the continued abolition of capital punishment, the tolerance and de-criminalisation of homosexuality, and "positive discrimination" in race. But it seems clear — not *least from the results of the* last two general elections — that there is in Britain a vast body of opinion, deeply conservative with a small "c," which is allowed only the smallest and most disproportionate expression on *television* (and radio, incidentally).

Capital punishment is a classic, and well-researched, example. Every opinion poll *shows that an overwhelming* majority of people, 85 per cent or more, favour a *return* to capital punishment. Parliament evades the weight of that opinion with an argument (specious in my view, though I am a convinced abolitionist) about British practising "*representative democracy*" and *not* law by plebiscite. But what is *television's argument for failing* to give proper voice to such opinions?

So far as I can see virtually every "gatekeeper" or "agenda setter" in broadcasting, whether in charge of a channel, head of a drama department, or simply editor of a current *affairs series, appears to be of* that "liberal" sort which spends much of its time ensuring that the attitudes and feelings of many ordinary people are kept off the air. Whatever the BBC's real reasons for getting itself into such a pickle over Ian Curteis's Falklands *play*, there *is* a large section of the public which believes the work has not been produced because it would have represented traditional conservative (or possibly Conservative) attitudes, pro-British and sympathetic to Mrs Thatcher.

You do not have to share either the conservative social attitudes or the Conservative political attitudes of many Britons to conclude that the tacit conspiracy within broadcasting *to keep those attitudes out of* programmes is both wrong headed and potentially dangerous. By keeping right wing attitudes towards race, homosexuality, capital punishment and so on off the screen you *ensure that they remain* unquestioned and maintain an underground respectability.

If they were brought out into the open, their implications *clearly illustrated*, and *their* odiousness subjected to public ridicule, then we might begin to get a populace which actually believed in the liberal values *currently receiving such* widespread but unrepresentative public expression, *instead of* ridiculing them.

Of course it could all go wrong: the *liberal mass media* folk might lose the argument. But if their supposed belief in freedom of speech is anything more than a cunning piece of *camouflage hiding a totalitarian* soul they should put it to the test and open up the airwaves, not just for AIDS campaigns but for all shades of public opinion.

Scene from "The Upper Room"

Twyla Tharp Dance/New York

David Vaughan

Twyla Tharp's last season at Brooklyn Academy of Music took place exactly three years ago, *in February 1984*; it was followed that summer by a Broadway reprise of its two big hits, *Nine Sinatra Songs* and *Fait Accompli*. The following year was consumed by the Broadway production of *Singin' in the Rain*, which Tharp both choreographed and directed. Its eventual commercial success was achieved only at enormous cost to Tharp's artistic integrity *and, one imagines*, to her pride —if she thought she could beat the Broadway system without being forced to compromise, she soon learned otherwise. Instead of crawling away to lick her wounds, she withdrew to recoup and *regroup her own company*. Not all of her dancers chose, or were invited, to return — some stayed with the show, other veterans like Sara Rudner, Jennifer Way and Tom Rawe had already decided to retire.

The new company, Twyla Tharp Dance, performed out of New York last summer and played at Brooklyn Academy for the month of February. It includes five dancers *from* the old group—Shelley Washington, Richard Colton, William Whitener, John Carrafa, and Kevin O'Day; also, Way and Rawe, Christine Uchida and Mary Ann Kellogg appeared in one work each.

The dancers I have named all made personal contributions to Tharp's style, none more crucially than Rudner, but they *also served in* a certain sense as projections of Tharp herself. (This is even true of Mikhail Baryshnikov). The new dancers have not yet reached the point where they can fulfill either function. It may well be that Tharp has not even chosen them with that in mind. In the last few years before the dis*solution of the old company*, her work had gone in divergent directions. For her own company, as well as further explorations of American popular dancing like *Baker's Dozen* and *Nine Sinatra Songs*, she had made a *series of ambitious* dramatic pieces, of which *When We Were Very Young* and *The Catherine Wheel* were the most inflated. Meanwhile, she made pieces for American Ballet Theatre and New York City Ballet in which she evidently had the intention of pursuing the *possible* extensions of classic ballet proposed by George Balanchine.

The new Tharp company seems to represent an attempt *to gather together* a group of dancers who could move freely in all these areas, making it unnecessary for her to work with other companies. (Elaine Kudo of ABT was a guest, replacing an injured member of Tharp's group). Of the *old* repertory, *Baker's Dozen* and *Nine Sinatra Songs*, made around the individual personalities of the old company, didn't quite work. Washington and Kellogg, Colton and Whitener were as wonderful as ever, but the new dancers relied too much on mugging—the women, especially, were neither as classy nor as spunky as their predecessors.

The Catherine Wheel III, the latest version of Tharp's big dramatic piece from 1981 (the second was the 1982 television production) is shorter, tighter, *but no more coherent*. Tharp, who can handle the most complex dance structures with ease, still seems defeated by the demands of narrative. Even the pure dance apotheosis seems unconvincing now—it has somehow dwindled into mere aerobics.

Two works tailor-made for the new group, *Ballare* and *In the Upper Room*, were shown for the first time last summer. In both, the new women dance on pointe, though Tharp's use of this technique *is less inventive* than in *As Time Goes By* (made for the Joffrey Ballet in 1973 and revived at Brooklyn), with its sliding, dragging, hobbled *toe-steps*. *Ballare, a lickety*-split, step-for-note transliteration of the Mozart D major two-piano sonata, becomes wearisome to watch. *In the Upper Room*, to a collection of nine short pieces by Philip Glass, is a *shrewdly calculated* "applause machine" (in Balanchine's phrase), matching musical crescendo with knock-down, drag-out dancing. The *company's performance is sen*sational, and the effect is intensified by Jennifer Tipton's lighting, a variation on her fog-curtain for *Fait Accompli*, shot through with searchlight beams.

No one can do this kind of thing more efficiently than Tharp, but for real choreographic *substance one* has to look to the two earliest pieces in the repertory, the starkly minimalist *Fugue* of 1970 and *As Time Goes By*, in which new and old company members worked beautifully together, led authoritatively by Cheryl Jones and Michael Schumacher, two recruits from the Eliot Feld Ballet, in the opening and closing solos. The jazzy inflections of classic vocabulary are musically apt, a logical extension of Tharp's personal idiom.

Endymion Ensemble

Andrew Clements

Sopranos who tackle Schoenberg's miniture masterpiece *Herzgewächse* — and with a vocal line which spirals up to high F there are not too many of those—are unlikely to tackle Ravel's *Chansons madécasses*, which demands a very different kind of voice. Yet both works were included in Monday's Endymion concert at the Purcell Room, part of its "*Impressions*" series which *sets* out to place Ravel firmly in the fountainhead of 20th-century modernism, and both were sung by Sarah Leonard.

Miss Leonard's light, keen and superbly accurate tone is ideally suited to *Herzgewächse*, and to the febrile, compressed sound world it evokes. The contributions of the instruments — harmonium, harp, celesta — was not as precise as they might have been, but the sense of the piece was conveyed as truthfully as one could expect. *Chansons madécasses*, however, *lacked* bite and intensity; the lower register did not project as it should to convey the power of Ravel's writing.

In Oliver Knussen's meaty *Apollinaire* setting *Ocean de terre* also Miss Leonard sang with formidable accuracy, negotiating the tangles of instrumental lines with great aplomb. The remainder of the concert was however disappointing. The promised performance of Ligeti's Horn Trio *failed* to materialise (no explanation was offered) and the inclusion instead of two arrangements of Debussy's *Prélude à l'après-midi d'un faune* seemed *excessive*. Ravel's for piano duet was straightforward enough, but one made for Schoenberg's Society for Private Musical Performance and thought to be the *work of* Eisler was gruesomely fascinating: the use of an harmonium, *de rigueur* in all such arrangements, could not be more inappropriate.

Takemitsu's *Water Ways* from 1977, a surprisingly muscular and directional piece of tone painting, completed the *programme* together with Anthony Powers' *Nympheas*, commissioned for Endymion in 1983 and displaying an extremely virtuosic skill in instrumentation at some cost to the consistency of the musical *thought*. Daniel Asia conducted the Takemitsu with tact and care; John Whitfield took charge of the remainder, producing playing of efficiency *rather* than commitment or inspiration.

Needles of Light/Cheltenham

B. A. Young

A long cadenza on the off stage machine gun ushers in a *series of short scenes presented* in Roland Rees's production for Foco Novo as if at a French pastorale. Symbolic figures in comic dress take over the stage, which is no more than boards on trestles. These are a Moor, a Christian, Death, Satan, and their purpose is to establish the *emotions in primary colours*. There is also a musician playing martial music on the zurna and the dulzaina, two rustic wind instruments of shrill tones.

Inside all this passes James Pettifer's story about the Spanish civil war, told in a series of short episodes. A visit to Swansea by Mosley and his British fascists strikes up a great outburst of sympathy for the Spanish Republicans, and Roy, Cathy and José (his father a basque immigrant) all decide to go *and fight for them*. The first act shows their progress to the front—interrogation about their allegiance, their curiosity at being abroad, elementary *drill* under a *public* school boy with military ambitions derived from the Greeks. The second act shows scenes from the battlefield — a raid by the enemy, a visit to a field hospital, some wounds, some deaths.

The play is not a documentary however, but a romance. José no sooner arrives in Spain than he pitches into a romantic search for his sister. Cathy singlehandedly runs her field dressing station as if it were a hospital. She is allowed a single chaste kiss with Roy, but Roy's real romance is not with her but with the Communist Party. All three of these volunteers have a romantic *certainty* that the Republicans they fight for represent a valid cause and will win.

Mr Pettifer's story is as unsophisticated *as those French* pastorales must be. There is no conflict *of* view except over trivial things, no elaboration on speech, not much plot beyond the existence of the civil war. *Details* are *kept* minimal, though there is a horrific account of *José's sister's* ultimate fate. Such detail as we have is familiar to us from Hemingway and other writers who fought in the conflict or reported on it. It may be reckoned authentic, for Mr Pettifer has edited Claud Cockburn's writings from Spain.

The production goes on from the Shaftesbury Hall in Cheltenham to Stroud, then to Liverpool, then to its London opening at the Riverside Studios on March 18.

First Chairman for International Piano Competition

Sir Trevor Holdsworth, Chairman of GKN, has been appointed the first President of the London International Piano Competition, a triennial event *which* will be held *for* the first time in February 1989, both on the South Bank and in the City.

Sir Trevor, a pianist himself, *is* currently Chairman *of* the Brighton Festival and a Trustee of both the Philharmonia Orchestra and the Winston Churchill Memorial Trust. He was *until* recently on the Council of the Royal Opera House.

Eileen Hulse/Wigmore Hall

Max Loppert

Eileen Hulse's clear, pure high *soprano* first drew attention to itself in the Oxford production of Haydn's *Anima del filosofo* a few years ago, and since that time it has been heard to advantage in several Kent Opera and ENO shows (*she is about to undertake the* Queen of Night in the new Kent *Flute*). As a recitalist she reveals freshness, intelligence, and musicianship of a high order: *I don't believe there was* a single ill-tuned note in all of Monday's programme.

The voice is typically English —in its soft-centred sweetness, in its gentle way of touching the notes, in its consistent avoidance of showiness. *Even* while closing the recital with a Strauss group (including "Als mir dein Lied erklang" and "Amor") calling for a whole Zerbinetta-style arsenal of *trills, flourishes* and sparklers above the stave, Miss Hulse kept well clear of vulgarity. This was perhaps a fault as well as a virtue; likewise, in the four Debussy early songs a greater degree of edge and vivacity of attack was probably intended. But it was a fault of a pleasing kind.

The concert had begun with the Purcell "Blessed Virgin's *Expostulation*," *sweetly and* poetically uttered, with eloquent echo-effects on the repeated cries of "Gabriel." In a Wolf *Italian Songbook* selec*tion one* sometimes wanted timbres of stronger character (there is more, for instance, to "Auch kleine Dinge" than limpid demureness). But later on Miss Hulse's Mahler singing produced a surprising variety of character; and in Judith Weir's *King Harald's Saga*—a *soi-disant* "Grand Opera in three acts for unaccompanied solo *soprano singing eight* roles"—she was wholly delightful. The pianist—sympathetic, a little too reticent in Wolf—was Christopher Willis.

Olivier's radio return

Lord *Olivier* will make his first appearance on BBC radio for more than 30 years when he performs a monologue on Radio Three on May 22 — his 80th birthday.

The monologue, No End to Dreaming, has been specially written for him by playwright Peter Barnes. Lord Olivier last appeared *on* BBC radio in a series of plays broadcast on the Light Programme in 1954.

Arts Guide

Music/Monday. Opera and Ballet/Tuesday. Theatre/Wednesday. Exhibitions/Thursday. A selective guide to all the Arts appears each Friday.

March 6–12

Theatre

NETHERLANDS

Amsterdam, Carré. The Nombre d'Or baroque theatre company with Peau d'Ane, a musical spectacle combining high tragedy with a happy end (Tue, Wed). (225225).

Amsterdam, Bellevue Theatre. The English-speaking Theatre company presents Barbarians by Barrie Keeffe, a trilogy of short plays tracing the fortunes of three school-leavers, two white and one black (Tue to Thur). (247248).

LONDON

Les Liaisons Dangereuses (Ambassadors): Christopher Hampton's masterly version of Laclos' epistolary novel is sexy, witty and wise, like a collaboration between Marivaux and de Sade. Howard Davies's sell-out pre-Revolutionary production for the RSC has moved from the Pit with Alan Rickman and *Lindsay* Duncan still battling and bitching over lovers and other *riffraff*. (836 6111, CC 836 1171).

Misalliance (Barbican): Rarely seen Shaw, and a much underrated play, given the full RSC works by John Caird, a Polish new woman crashing into the surrey conservatory in her monoplane. Jane Lapotaire sparkles alongside Brian Cox, Elizabeth Spriggs and newcomer Richard McCabe (628 8795, CC 638 8891).

The Phantom of the Opera (Her Majesty's): Spectacular *but emotionally* nutritional new musical by Andrew Lloyd Webber emphasising the romance in Leroux's 1911 novel. Happens in a wonderful Paris Opera ambience designed by Maria Bjornson. Hal Prince's alert, affectionate production contains a superb central performance by Michael Crawford. A new, *meritorious and palpable* hit. (839 2244, CC 379 6131/240 7200).

Woman in Mind (Vaudeville): Alan Ayckbourn's new comedy has a brilliant *performance* by Julia McKenzie as a dissatisfied housewife visited on her own garden lawn by an imaginary ideal family. Bleak but funny, hailed in some quarters as vanguard feminist drama; be not put off by that. (836 9987/5645).

Starlight Express (Apollo Victoria): Andrew Lloyd Webber's rollerskating folly has 10 *minutes* of Spielberg movie magic, an exciting first half and a dwindling reliance on indiscriminate rushing around. Disneyland, Star Wars and Cats are all influences. Pastiche score nods towards rock, country and hot gospel. *No child* is known to have asked for his money back. (834 6184).

The House of Bernarda Alba (Globe): Lorca's last tragedy in a successful production transferred to the West End from Hammersmith. Nuria Espert, veteran Spanish actress/director, has *drilled* a high-calibre cast led by Glenda Jackson and Joan *Plowright into a near-authentic* portrayal of steam frustration in an all-female household oppressed by both traditional catholicism and the peasant class system. Ultimately it's all a bit British, but the company provides a roll-call of some of the best actresses around – all eclipsed by the ineffably touching Julie Legrand. (437 1592).

42nd Street (Drury Lane): No British equivalent has been found for New York's Jerry Orbach, but David Merrick's tap-dancing extravaganza has been rapturously received. (836 8108).

NEW YORK

Cats (Winter Garden): Still a sellout, Trevor Nunn's production of T.S. Eliot's children's poetry set to trendy music is visually startling and choreographically feline, but classic only in the sense of a rather staid and overblown idea of theatricality. (239 6262).

I'm Not Rappaport (Booth): The Tony's best play of 1986 won on the strength of its word-of-mouth popularity for the two oldsters on Central Park benches who bicker uproariously about life past, present and future, with a funny plot to match. (239 6200).

42nd Street (Majestic): An immodest celebration of the heyday of Broadway in the '30s incorporates gems from the original film like Shuffle *Off To Buffalo* with the appropriately brash and leggy hoofing by a large chorus line. (977 9020).

A Chorus Line (Shubert): The longest-running musical ever in America has not only supported Joseph Papp's Public Theater for eight years but also updated the musical genre with its backstage story in which the songs are used as auditions rather than emotions. (239 6200).

La Cage aux Folles (Palace): With some tuneful Jerry Herman songs, Harvey Fierstein's adaptation of the French film manages, barely, to capture the feel of the sweet and hilarious original between high-kicking and gaudy chorus numbers. (757 2626).

Big River (O'Neill): Roger Miller's music rescues this sedentary version of Huck Finn's adventures down the Mississippi, which walked off with many 1985 Tony awards almost by default. (246 8220).

The Mystery of Edwin Drood (Imperial): Rupert Holmes's Tony-winning resurrection of the unfinished Dickens classic is an ingenious musical with music-hall tunes where the audience picks an ending. (239 6200).

CHICAGO

Pump Boys and Dinettes (Apollo Center): Facetious look at country music and down-home country life with a good beat and some memorable songs, especially one played on kitchen utensils has proved to be a durable *Chicago* hit. (935 6100).

She Always Said, Pablo (Goodman): The company's associate director, Frank Galati, created this pastiche of music by Virgil Thomson and Igor Stravinsky with words by Gertrude Stein and visuals by Pablo Picasso. Performed by 11 actors, the work features Picasso's Minotaur as well as Picasso, Stein and Alice B. Toklas. Ends April 4 (443 3800)

WASHINGTON

Citizen Tom Paine (Eisenhower): Richard Thomas stars in popular historian Howard Fast's look at the Thetford-born American radical's rise and fall to obscurity, in between the fame brought by Common Sense. Ends April 12. Kennedy Center (254 3670).

Saleroom/Susan Moore

A yen for Kakiemon

Christie's produced particularly good Kakiemon porcelain and record prices at its sale of Japanese works of art yesterday. A Japanese dealer paid £60,500 for a Kakiemon hexagonal jar and cover delightfully *painted in iron-red*, blue and turquoise enamels with chrysanthemum sprays. It is one of the few perfect examples known of this Hampton Court type (so-called after Queen Mary II's collection at Hampton Court). *The jar trebled the previous top* price paid for a Hampton Court jar.

A close record second was the £52,800 paid by a private *Japanese museum for* a pair of striking Kakiemon tigers seated on rockwork bases, their exaggeratedly wide mouths coloured iron-red. A blue and white figure of a roistering Dutchman seated astride a gin *cask also proved the most* expensive Dutchman so far, selling for £41,800 (estimated £15-£25,000). The 18th century model, derived from Delft figures of Bacchus, appears to be one of only two blue and white *examples in Europe*.

It was not only fine Kakiemon that sold well. The continuing strength of the yen accounts in some part for strong Japanese bidding but smaller pieces of Kakiemon *and Imari and Arita ware were* also greeted enthusiastically. A pair of Kakiemon-type blue and white shallow dishes of the 17th century that realised £9,680 (*estimate £4-£16,000*) would probably have been secured for £2,000 a year ago. And a small pair of Imari oviform jars and covers even went for a hammer price of £6,000.

One lot that surprisingly failed to sell was a handsome *Momoyama period* (16th century) export lacquer writing cabinet decorated with landscapes and opening to reveal 19 elaborately decorated drawers, raised on a George I *stand*. Thirteen per cent of the lots were bought in.

Phillips, too, had a successful morning. A Henry Moore drawing of six draped figures, ideas for sculpture, which had been *bought by the vendor in* 1935 for 30 gns, now fetched £70,400. Sir John Lavery's *A Garden in France* of 1902 changed hands at £46,200, also well over the estimate. The sale made £436,095 with 16 per *cent bought in*.

A record price for an optical toy, a W. Leigh Newton Kaleidoscope of around 1830, was paid at Sotheby's yesterday. Estimated at £2,500-£3,000, it found a new owner for £19,250.

FINANCIAL TIMES
BRACKEN HOUSE, CANNON STREET, LONDON EC4P 4BY
Telegrams: Finantimo, London PS4. Telex: 8954871
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Wednesday March 11 1987

Budget crisis in the EEC

THE COMMISSION'S indictment of the European Community's budgetary crisis is severe and compelling. Not merely is the Community living on the edge of bankruptcy, it has for some years spent well beyond its income, because the institutions fudged honest rules of accounting. It is therefore high time that the member states put some order into the book-keeping and the management of the budget, and provided the Community with financial resources which match the policy commitments they have adopted. So far so good.

When the Commission moves from description to prescription, however, its approach is less severe and less compelling. Not merely does it propose a very large increase in the Community's budgetary resources, on the strength of arguments which are sketchy at best, but it also recommends shifting to an entirely new and complex system of calculating national contributions.

Beyond limit

When the member states raised the ceiling of budgetary resources in 1985, from 1 per cent equivalent VAT to 1.4 per cent, they tentatively envisaged that the next increase might take the limit to 1.6 per cent equivalent VAT.

In practice, however, real spending is already way beyond the legal limit, partly because ordinary farm spending has risen over budget, financed by inter-governmental advances, partly because accumulated farm stocks have not been adequately depreciated.

On a proper accounting basis, according to the Commission, the Community would already this year require an equivalent VAT rate of 1.65 per cent, while the accumulated liabilities of the budget would total Ecu 17bn (about £12bn).

Manifestly, some increase in the Community's financial resources must be agreed by the member states this year. It is not clear, however, why they should agree to the Commission's proposal for a new ceiling which would be equivalent to a 2.1 per cent VAT rate, and which seems altogether too lavish.

The Commission argues that the Community needs security of budgetary resources between now and 1992, which is the target date for the final elimination of all trade barriers between the member states. The logic here is that a totally free market may be much riskier for the less developed members of the Community, whose economies may need compensating structural assistance in the name of "cohesion."

It is not clear, however, whether such structural assistance can normally be counted on to improve economic competitiveness, or whether it is little more than a subsidy from the richer to the poorer. These doubts have not stopped the Commission from arguing that the regional and social funds should double over the next six years.

Financial pressure

The Commission has tried to sweeten its proposals by claiming that the share of the budget going on agriculture by the end of the six years would have dropped from two thirds to about half. In real terms, however, farm spending would still be growing by 2¼ per cent every year; it would only decline relatively, because the Commission's proposals allow for such rapid increases in other chapters, and an overall rate of budgetary growth of 5.8 per cent a year in real terms.

The top priority for a sensible re-ordering of the Community's budgetary arrangements must be a reform of the excesses of the farm policy, because it is at once expensive and discredited. This depends on severe financial pressure, though outside pressure from international trading partners may also help. On the other hand, reforms which effectively take land out of production may well need to provide transitional help for ex-farmers, and thus cost more. But within some realistic time-frame, reform must lead to a real reduction in the costs of the policy.

The dilemmas do not have simple solutions. The farm ministers have started some brave reforms, but the kind of ample financial arrangements being contemplated by the Commission could only weaken their resolve. What is required is a more modest interim financial arrangement, and a more modest bureaucratic posture on the part of the Commission.

The future of UK business schools

IT IS now a full month since Britain's two foremost business schools, London and Manchester, were given the unexpected news that government funds for their master's degree courses in management were likely to be cut sharply over the next three years. They have still not been told why.

The decision was handed down in typically bald fashion by the University Grants Committee, a semi-independent offshoot of government which is composed largely of academics and other representatives of the UK education system.

As the body which decides who gets what from the government's annual block grant for universities, the UGC has been criticised for many years for the secrecy of its decision-making machinery, and the inscrutability of some of its decrees.

Painful cuts

Complaint has run especially high since 1981, when the Thatcher Government began to force a painful series of budget cuts throughout Britain's education network. Only last month an official report on the central management of universities recommended that the UGC should be replaced by a body which, in stark contrast, would operate a resource allocation process characterised by "open debate, published plans, agreed criteria against which performance can be judged, [as well as] monitoring and accountability."

For 1987-88, funds are so short that only 18 of Britain's 53 university institutions are to receive grant increases above or on a par with inflation. Along with five other establishments, London and Manchester Business Schools are the hardest hit, with increases of only 0.7 per cent. For 1989-90, the UGC plans to cut the two schools' grants by nine and 23 per cent respectively.

Government funds account for less than 30 per cent of London and Manchester's income, and the UGC says the cuts are "only provisional" (characteristically, it has refused to explain what that means). Yet the reductions are particularly threatening at a time when, with UGC encouragement, both institutions have committed themselves to taking more than 30 per cent extra master's degree students

If the cuts are confirmed, the schools claim that their only possible course of action will be to treble their fees for UK and EEC students to over £5,000 a year, about the same as for those of other nationalities. This would still be well below what a limited number of Britons (or, occasionally, their employers) is prepared to pay at leading schools abroad, notably Insead in France and Harvard in the US. But Manchester and especially London are worried that this would put them beyond the reach of most full-time British students.

By refusing to explain itself, the UGC has encouraged speculation that it is either "punishing" London and Manchester for running courses that are longer and more concerned with scholarship than those at other UK business schools, or that its decision was purely the bureaucratic result of adjustment in its arcane computer models.

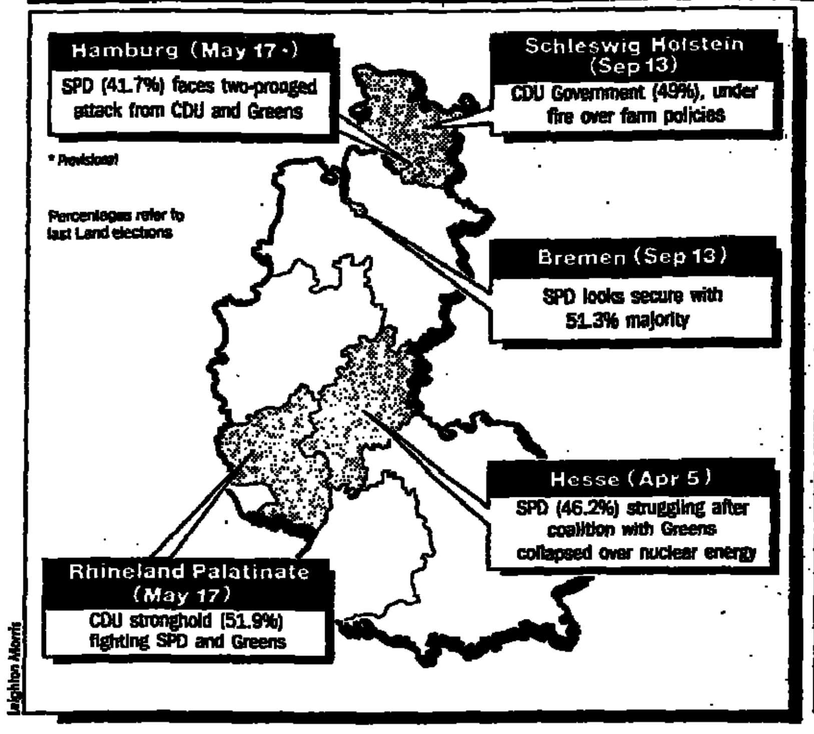
A third possibility is that it is trying to force the schools further along the road to privatisation, a policy advocated by an academic economist who is now head of Mrs Thatcher's policy unit.

New balance

Any such decision at this stage would pre-empt the results, expected in April, of a major government-sponsored inquiry into the future of British management education. As well as proposing a new balance between public and private funding, the inquiry is expected to call for a sharp expansion of management training programmes. It will also help clarify whether London and Manchester should continue to be given special treatment, or whether they should be lumped together with other management schools — both public and private—which place less of a premium on elevated academic standards.

The UGC's funds may be short, but the future role of leading business schools, within or outside the state education system, is too important an issue to be settled merely on the basis of shared misery with the universities. The UGC should not only come clean about its reasoning, but restore the cuts at least until—after considered debate—the schools can be given adequate time to plan for changes in their funding and teaching patterns.

BATTLES FOR THE LAENDER



Helmut Kohl

THE WEST GERMAN COALITION

The centre feels the squeeze

By David Marsh in Bonn

AFTER a dour winter of snow and electioneering, the Bonn crocuses are cautiously appearing round the Rhineside ministries. But spring will send no more than a glimmer of sunshine through the clouds surrounding the Centre-Right coalition of Chancellor Helmut Kohl.

His difficulties started on the night of the general election on January 25. The Chancellor's three-party coalition was confirmed in power, but with its majority in the Bundestag (federal assembly) cut by nearly a third and with his Christian Democratic Union (CDU) scoring its lowest share of the vote (44.3 per cent) since the federal republic's first elections in 1949.

Due to be re-elected Chancellor by the Bundestag today, Mr Kohl is starting his second four-year term further undermined by six weeks of coalition bickering over a new government programme.

Differences have surfaced, above all, over a DM 44bn (£14.9bn) tax cut package due to take effect in 1990 as the centrepiece of the administration's efforts to improve the workings of Western Europe's most powerful economy.

Admired abroad for the relatively smooth running of its administration and economy, West Germany none the less appears to be facing a period of "Durchwurlsteln" or muddling through—the term once used by former Chancellor Helmut Schmidt to describe the Britain of the 1970s.

The strains within the coalition party reflect an inevitable effort by the liberal Free Democratic Party (FDP) to gain political prestige. Junior partner to the conservative CDU and its Bavarian sister party, the Christian Social Union (CSU), the FDP gained ground in the January election with 9.1 per cent of the votes. Since the FDP is more free-market orientated than the other two parties, while more centrist on foreign policy, the in-fighting has been messy.

Mr Kohl's aides are obliged to defend their leader against virulent charges in some conservative newspapers of irresolution and incoherence. The Chancellor's defenders claim that his willingness to allow the government to engage in open quarrels is one way of eventually binding ministers to a common line.

The Chancellor is not the man to impose solutions. Dissonance must be permitted, one key official says.

The discord has however exposed a larger question over fragmentation of power within West Germany's decentralised, federal political structure.

The checks and balances inherent in devolution of responsibility and decision-making to the 11 states or Leander have contributed greatly to the country's stability and prosperity since the war. But the environment has become more difficult and competitive than in the 1960s and 1970s, and many issues which once commanded consensus, such as nuclear power or the distribution of financial resources between northern and southern Laender, are becoming points of conflict.

Worrying aloud that the federal system must be growing into an impediment to decisive central government, one senior western diplomat in Bonn asks: "When does stability become paralysis?"

Such remarks have been prompted by Mr Kohl's peculiar position—simultaneously at the centre and at the fringes of power.

Like a latter-day Holy Roman Emperor, he is a hostage to the task of preserving a delicate equilibrium in the Laender, where no less than five state elections are due to take place over the next six months.

As a result, decisions in Bonn are increasingly taken on the basis not of clear strategic choices but of influence-juggling with regional political barons and other lobby groups.

Underlined by the coalition arguments over tax reform, as well as over a range of issues from law and order and the environment to the fight against Aids, the Government's weakness has been exposed.

The country is at a crucial juncture. Straddling, as it does, the East-West fault line, it is vital that it has a government of firm contours at a time when Mr Mikhail Gorbachev is trying to change the Soviet Union's image and when US leadership has been enfeebled by President Ronald Reagan's difficulties over the Iran weapons scandal and the decline of the dollar.

The West has also been looking for, and has failed to get so far, coherent action from the federal republic over measures to boost the world economy and to reform the European Community. Bonn's opposition to price cuts for its farmers has dismayed other EEC members, who see it as a clear contradiction of previous German demands for financial discipline.

Unless action is taken soon, Mr Kohl could find the problems of the EEC budget and the Common Agricultural Policy tumbling in his lap when Bonn wants to avoid them most—at the beginning of next year, when West Germany takes over the six-monthly presidency of the Community.

The Chancellor owes his climb to the top to steadiness and a good tactical brain rather than imagination or incisiveness and is at his best when required to stick through thick and thin to previously worked out policies. His shortcomings become more evident when diplomatic fine-tuning is demanded, or when a change in the wind necessitates a policy tack.

During the past few months, the Kohl administration has seemed to be bumbling and indecisive, above all in its approach to the economy, which after four years of upturn is now running out of steam. Highlighted by almost daily news of company redundancies and falling industrial orders, the domestic economy does not seem strong enough to take up the slack left by falling export demand caused by the strong D-Mark.

Foreign critics, above all in the US Government, as well as the opposition Social Democratic Party (SPD), have been sounding warnings for months. Some economic forecasters are predicting growth as low as 1 per cent this year. West Germany is in danger of entering what could amount to a mild recession with unemployment still stuck clearly above 2m.

But if concern reigns on the economic front, foreign affairs present a more pleasing prospect.

Mr Kohl's tenacity in carrying through deployment of US intermediate-range nuclear missiles in 1983 has been perhaps his most important achievement since taking office in 1982.

> The federal system may be growing into an impediment to decisive government in Bonn

This has now been rewarded by the Soviet leader's latest offer on Euromissiles. The move has been warmly welcomed in Bonn in spite of continued misgivings about the Soviet Union's superiority in conventional forces and shorter-range nuclear missiles.

On the face of it Mr Gorbachev's offer represented the Bonn Government's first piece of good news for weeks. But Mr Kohl has been in no position to profit personally.

His gaffe last autumn in indirectly comparing Mr Gorbachev with Nazi propagandist Josef Goebbels led to a carefully stage-managed Soviet freeze on relations with Bonn and left the Chancellor hopelessly on the defensive.

Now that the elections are out of the way, Moscow has decided that it is time for a thaw. But the political benefits are being reaped above all by Mr Hans-Dietrich Genscher, the FDP Foreign Minister, who has been trying to swing the rest of the Government (and the West as a whole) behind his campaign to "take Gorbachev at his word."

Mr Genscher has been strengthened by the eclipse on January 25 of his long-time rival, Mr Franz Josef Strauss, the CSU leader and Bavarian Prime Minister.

Mr Strauss contributed to the FDP's election gains through pre-poll sniping at the foreign policies carried out in different coalitions by Mr Genscher for 13 years.

But the rise in Mr Genscher's fortunes is only one of the consequences of the election which saw an unparalleled swing to smaller parties and thus added further to the centrifugal forces in West German politics.

Both the CDU and the struggling and divided SPD registered their worst results for more than 30 years.

The gains of both the FDP and of the Ecology Party (Greens), which scored 8.3 per cent of the vote, have opened up a new era. For the first time in the post-war republic, four established parties — the fifth, the CSU, operates only in Bavaria — are jostling for the favour of an increasingly volatile electorate.

This will become apparent in the five state elections between April and September: in the polls over the next two months in the Hesse, Rhineland Palatinate and Hamburg, the Greens will play a crucial role. In the first two cases, the outcome could be local coalitions between the SPD and the Greens; in the third, a coalition between the SPD and the FDP. All would have strong repercussions on the political balance in Bonn.

Even more significant is the possible effect on the Bundesrat (the upper house of the federal parliament). If the SPD holds on to power in Hesse and Hamburg and if the CDU loses Rhineland Palatinate, the Bonn coalition will lose its majority in the Bundesrat, which has to approve legislation impinging on Laender interests.

The loss of the Bundesrat could further impede conclusion of the 1990 tax reform programme. The coalition approved the size of tax cuts at the end of last month but without any accord over their financing.

Mr Gerhard Stoltenberg, the Finance Minister, had to cope with pressure from the FDP and industry lobbyists for clear cuts in tax rates. But the reformist wing of the CDU, anxious about the worker vote in the coming Laender elections, was against any cuts geared to firmly towards the rich.

The Finance Minister, his authority dented by the squabbling, has ended with a compromise which has attracted only a faint-hearted welcome

The lack of agreement on how the money will be found to finance DM 19bn of the cuts spells trouble for the autumn, when the details are due to be completed.

So Mr Stoltenberg faces possibly the worst of all worlds. By agreeing to tax cuts before spending reductions, he may lose domestic political face through jeopardising the rigorous budgetary policy which has become his hallmark

A more relaxed fiscal policy has been urged for several years by the Organisation for Economic Co-operation and Development (OECD). But if a backdoor stimulus turns out to be the outcome, Mr Stoltenberg is unlikely to gain much international credit. It will have been decided more by accident rather than as a result of international policy co-ordination.

Impotence in Bonn would provide no cause for concern if it were simply part of an exercise in getting government "off the people's backs" and allowing industry to get on with the job of running the economy. Unfortunately, this is not the case. The Government needs to give a clear lead to industry and the economy as a whole, above all in areas where excessive regulation and steadily growing subsidies require decisiveness, not dithering.

Action is also required on a range of longer term issues. These include rethinking the pensions system and coping with a steady decline in population resulting from the low birth rate.

In the meantime, at least until the autumn, Bonn will have its mind on Laender politics. Even some of Mr Kohl's most ardent supporters have been warning that government in Bonn has been postponed until next year.

Men and Matters

Vote for Ted, says Tory Whip

Edward Heath is now as close to being adopted as the official Conservative candidate for the Oxford University Chancellorship as it is possible to be.

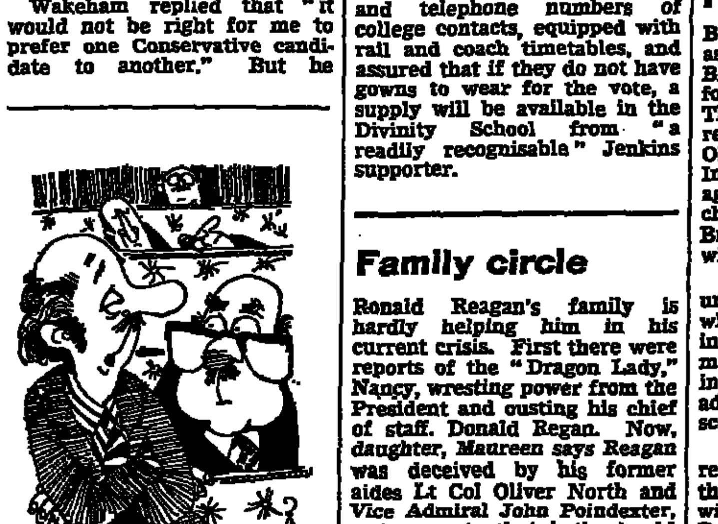
The election this week has become an openly political contest between the Social Democratic Party and the Conservatives. But the true-blue members of the Coningsby Club were unsure which of the two Conservative candidates—Heath or the historian, Lord Blake—should get their votes.

Chairman, Stephen Massey, wrote for guidance to the Government Chief Whip, John Wakeham. "All our members feel that the priority is to stop Roy Jenkins winning and claiming a victory for the SDP," he said. "It would be very helpful to me if you could give me an indication of the views of the Parliamentary Party on the candidature of Ted Heath."

Wakeham replied that "it would not be right for me to prefer one Conservative candidate to another." But he agreed "it is in our interest for one of them to defeat Roy Jenkins."

He then added: "It may be considered that Ted Heath has a much better chance of defeating Jenkins than does Robert Blake, in which case it is clearly in the Party's interest for Ted to receive the widest support."

Heath, as I remarked last week, must be overwhelmed by the way in which the party is rallying behind him. But he still appears to have a tough fight on his hands. Sir Alec Cairncross, former head of the Government Economic Service, seems to have organised a formidable support system for Jenkins. Oxford MAs have been circulated with the names and telephone numbers of college contacts, equipped with rail and coach timetables, and assured that if they do not have gowns to wear for the vote, a supply will be available in the Divinity School from "a readily recognisable" Jenkins supporter.



"You'd think an ex-prime minister would've discreetly leaked his defence views."

Family circle

Ronald Reagan's family is hardly helping him in his current crisis. First there were reports of the "Dragon Lady," Nancy, wresting power from the President and ousting his chief of staff, Donald Regan. Now, daughter, Maureen says Reagan was deceived by his former aides Lt Col Oliver North and Vice Admiral John Poindexter, and suggests that both should be court martialled.

The timing of Maureen Reagan's remarks in front of a Republican audience in South Dakota is unfortunate. Poindexter and North are likely, very shortly, to receive limited immunity from the congressional select committees investigating the arms scandal. Her words will do little to persuade the two men to remain silent in order to protect the President.

But then the President's brother, Neil Reagan, declined to exercise his right to remain silent last week. He told a San Diego newspaper that he believed the President had arranged the diversion of profits from the Iran sales to the Nicaraguan Contra rebels in order to skirt the congressional ban on aid. "There is more than one way to skin a cat," Neil Reagan opined.

Pit stop

British Coal is to stop acting as the eyes and ears of private British companies in the search for overseas mining contracts. The move comes with the early retirement this month of Alan Oldfield, head of British Coal International, founded a decade ago by Lord Ezra, then NCB chairman, to help market British mining expertise worldwide.

Oldfield, 56, a former colliery under-manager from Durham who was also the nationalised industry's head of overseas mining, tells me: "I'm going independent as a consultant and adviser on the world coal scene."

BCI has been providing a regular flow of information to the equipment suppliers who, with the run down of the British coal industry, rely more than ever on overseas markets. But its customers are said to be unruffled by British Coal's decision since there is talk of setting up a Government-backed computer data base.

BCI will live on mainly as a forum for discussions between British Coal and the private sector. Most of Oldfield's five-strong staff will be transferred to the mining research and development establishment which also looks after the industry's numerous collaborative agreements with overseas coal industries.

Garlic for luck

If next Sunday's Wales-America 87 festival in Bridgend, South Wales, turns out as successful as the Gilroy garlic festival then John Traub will be a happy man.

Traub is chief executive of Align-Rite, a semi-conductor concern which started in California, and now has its international headquarters in the Welsh town.

A few years ago Traub was working in Gilroy, a California town which claims proudly to be the garlic capital of the US. He started a festival to draw attention to the town and the product.

"The result was amazing," he says. "Four thousand people attended the first year. The numbers rose to more than 250,000 by the third year—and it is still growing. People back home know about Gilroy all right now."

He sees the Wales-America day as a chance to show what American concerns are doing in Wales to help the economy. There are now, incidentally, more than 100 US manufacturing plants in the Principality, employing more than the old industrial bell-wethers of coal and steel put together.

The firms will offer, he says, "a fun day with a serious undertone."

Under contract

There is a small building contractor in Saudi Arabia which calls itself, in English, the "Arab Constricting Company."

Observer

AUSTRALIA UNDER LABOR

Mr Hawke meets his Mr Reagan

By Chris Sherwell in Sydney

FOUR YEARS ago Mr Bob Hawke, newly transformed from trade union boss to leader of Australia's Labor Party, strode to his remarkable electoral victory over Mr Malcolm Fraser's conservative coalition of the Liberal and National parties.

But the celebrations last week were tinged with apprehension. For a tantalising record is now within the 57-year-old Mr Hawke's grasp—and 16m Australians, not to mention the world's financial markets, are focusing increasingly on whether he can achieve it.

In a few months' time, Mr Hawke will become the country's longest-surviving Labor Prime Minister, as well as one of its most consistently popular. If Labor is victorious at the next election, the party will make history by winning three times in succession.

But events over the past few weeks have suddenly demonstrated that timing is going to be all important. The next election need not be called before April 1988, and Ministers are forecasting a poll for the previous month. Since the beginning of the year, however, two developments have occurred which could upset their calculations.

One of these is a rousing, populist campaign by Sir Joh Bjelke-Petersen, the 76-year-old right-wing maverick Premier of Queensland, who has decided to push for national leadership in Canberra on a supply-siders' platform of low taxes, small government and weakened unions.

The other is the continuing deterioration in the state of the country's economy.

Of the two, the economic developments are the more worrying. Indeed, Sir Joh might not be causing much of a sensation at all were it not for the decline in living standards being experienced by Australia's rural community and urban middle classes.

Together they raise the question of whether the extraordinary rightward shift in the economic and political thinking of Mr Hawke and his government will backfire on them.

It is now clear that economic growth, after three expansive years, will fall well short of the 2.25 per cent projected for the 1986-87 fiscal year ending in June.

At the heart of the immediate difficulty is a failure to contain public sector spending, despite tightened reins on Federal expenditure. The main *culprits are Australia's state* governments, which have dipped into reserves from past borrowings to maintain spending levels.

Another source of difficulty is higher-than-expected government debt-service payments, because of higher interest rates. The high rates stem from the Government's perceived need to support the Australian dollar.

This was floated in 1983, but began plunging at the start of 1985 when falling world commodity prices promised to exact a heavy toll on Australia's balance of payments.

In 1985-86 Australia recorded its worst-ever current account deficit of A$13.7bn. This year it looks like duplicating that, making it among the worst of the OECD economies at 6 per cent of GDP.

In recent months the currency has come off the bottom and stabilised. The Government, helped by inflows of foreign capital to a buoyant share market, has held a floor under the currency since last September.

The Government's sense of electoral vulnerability over the currency has been reduced but only a slight easing of upward pressure on interest rates has been noted.

As a result, investment has not picked up.

With prime rates still above 18 per cent, moreover, borrowing costs are now a domestic political issue.

The external debt picture is also gloomy. The Government, in covering its budget deficit, which is overshooting its target of A$3.5bn (£1.53bn) for the current fiscal year, has driven other borrowers elsewhere, especially offshore. Australia's foreign debt has risen above A$100bn, or close to 40 per cent of gross domestic product.

A substantial proportion of the increase in external debt over the past two years has been due to the currency's depreciation. But a further strengthening of the currency seems unlikely and, short of some even tougher austerity measures which might be politically impossible for a Labor government, the country's balance of payments problems are not *likely to be corrected before* 1992.

Indeed, in the absence of world economic growth, living standards must fall further. That means more Ministerial pressure on a resistant trade union movement to improve productivity and reform work practices.

It is in this perplexing environment that Sir Joh Bjelke-Petersen is making his mark. A politician *for* 40 years and Premier of Queensland since 1968, he has until now been regarded by many *outsiders* as something of a crank. Few would have believed he could become a national figure, let alone prime minister.

Contributing to this impression have been his background as a peanut farmer, his god-fearing paternalism and pro-Queensland chauvinism, and his intolerance—of unions, of protest, of Socialists and much else.

Yet the prime ministership is exactly what Sir Joh is now going for.

The campaign is provoking sober reflection because of the extraordinary parallels with the emergence of Mr Ronald Reagan as President of the US.

Like Mr Reagan, Sir Joh has a powerful base in an important state, a close circle of advisers in business and political life, and a deep pool of funds—put at more than A$25m—to build support and conduct polls.

Just as important, he has a potent if emotive message, centred on a flat tax of 25 per cent.

He has set about the destruction of the opposition coalition, taking on the very partnership which historically has given Australia's conservative forces a grip on power.

Not only has this antagonised the traditional Liberal establishment, it has also yielded precious few pronouncements of support from the established business community.

Bjelke-Petersen: strong on populist appeal, weak on detail.

Another complication for Sir Joh is that the numbers needed for a successful campaign do not add up. In the 148-seat house of representatives, the lower chamber of Parliament where governments are made and broken, the Nationals currently have 21 MPs and the Liberals 45.

To become Prime Minister, *Sir Joh's party would need to* win another 17 seats in order to secure ascendancy in a coalition, and 75 for him to win in *his* own right.

As last weekend's performance in the Northern territory state election indicated, this seems near-impossible at the moment. Sir Joh's Nationals failed to secure a seat in a contest he described as a litmus test of support. But he insists he is still "on track." He is close to splitting the Queensland National Party MPs in Canberra and may force the resignation of a humbled Mr Ian Sinclair, the party's federal leader.

Now Sir Joh's less than flawless record in governing Queensland is coming under attack, from the Liberal Party and others.

In particular, they have been drawing attention to excesses in government spending, budget deficits and public sector debt, and to Queensland's relatively poor performance in economic growth and unemployment compared with other states.

Given all this, the Labor Party can scarcely conceal its glee. Having moved a long way from traditional positions to capture Australia's central political ground, it has suddenly *found the opposition helpfully* redefining "the Right."

Sir Joh is a formidable opponent and Labor has a serious political problem on its hands—so much so that some activists believe Mr Hawke should go to the country now, before a planned May mini-budget and while the opposition is split.

Mr Hawke has kept that option open; but he is currently looking to March 1988, when the next round of measures ought to have had a positive impact.

The trouble is, none of this is certain. Ministers, knowing the problems and the solutions, are having to tell Australians that a resumption of growth will not occur without turning round the balance of payments, and that they must suffer further falls in their standards of living.

City scandals and the law

Putting the case for a fifth amendment

By Anthony Wollenberg

THE RECENT SPATE of appointments of company inspectors by the Department of Trade and Industry has brought into sharp focus areas of the law about which there is much mystique and perhaps a little diffidence and dissent among those most directly affected.

These are: the precise *nature* of proceedings before such inspectors; the rights of witnesses called to give evidence to them; and the extent to which established procedures in criminal law investigations are, or ought to be, incorporated into parts of Companies Act legislation designed to bridge the gap between civil and criminal law.

How is one to reconcile the right to refuse to answer questions—so clearly enshrined in the criminal law—with the very limited circumstances in which a witness will, in practice, feel able to rely upon such a right before inspectors? Any refusal to answer inspectors' questions can be certified to the court which may treat it as contempt. The principles upon which the court would recognise the witness's right to silence (whether on grounds of potential self-incrimination or otherwise) are not set out in the legislation, nor have there been any useful judicial rulings on the subject.

Presumably the courts would give maximum effect to the wide powers intended by parliament to be given to inspectors. Thus a paramount consideration would be the risk of inspections grinding to a halt if the right to silence were to gain general acceptance in this forum.

Although evidence given to inspectors, whether on oath or not, is admissible in subsequent criminal proceedings against a witness, there is no obligation on inspectors to administer a caution to a witness before he testifies. This represents a clear departure from the rules of natural justice and civil rights. Who then are the people selected to wield these apparently draconian powers, inflicting burdens upon a witness far in excess of those to which an alleged child strangler might be subjected during a police investigation?

The department ensures that the team consists of two persons eminently qualified to carry out their fact-finding mission. It will usually comprise a QC and a senior accountant although occasionally, a senior partner of a stockbroking firm *may be appointed.*

Inspectors are briefed on the need to act fairly at all times. In general terms this requires them to give reasonable notice to a witness of the requirement to attend a hearing and of the subjects to be discussed. The witness will also be given an opportunity to read a transcript of his evidence which he may, for example, wish to clarify in subsequent correspondence.

Since the function of inspectors is not to conduct a trial but simply to ascertain the facts, it follows that there is no appeal against their findings. However where inspectors are minded to criticise an individual he will be given a fair opportunity to contradict the evidence against him either in writing or by further appearance before the inspectors.

As Mr Michael Howard, the Corporate and Consumer Affairs Minister, stated recently the department invites inspectors to advise it, at any time during the course of an investigation, of suspected offences under the Companies Act. That in turn could lead to police inquries in tandem with the inspectors' investigations. However, inspectors' preliminary adverse views may not always accord with their final assessment.

Although their role is a fact-finding one, their duty to report suspected offences puts them under pressure to make difficult interpretations of complex provisions of the Companies Act. The onerousness of the task is such that they should be given the opportunity in all cases to complete their report before feeling compelled by public opinion to make a referral which may prove premature.

There is for example the much publicised exception to section 151 (which has featured heavily in the Guinness saga) which renders lawful in certain circumstances the provision by a company of financial assistance for the purchase of its own shares. In deciding whether to refer a suspected offence the inspectors will inevitably be performing a quasi-judicial *function, often based on* their interpretation of untested legislation and the motivation of those who may, in good faith, have considered their actions to be in the best interest of a company.

In the Guinness case inspectors will have to exercise similar judicial thinking in relation to possible breaches of sections 204 to 210 of the Companies Act 1985 which make it an offence for persons to act in concert with others in acquiring shares in a quoted company without disclosing that fact formally to the company.

The inspectors will therefore be concerned not only with the precise nature of agreements or understandings relating to the purchase of Guinness shares but also with the question of whether there was an express or implied understanding imposing obligations or restrictions with respect to the use, retention or disposal of those shares.

While instances of complaints of abuse of powers by inspectors are extremely rare—and where allegedly the inspectors have usually been vindicated by the courts—there must never the less be scope for improvement in a system which in some respects appears to overlook fundamental safeguards of an individual's basic civil liberties.

The interests of justice dictate not only that there should be an effective system for eliciting the facts but also that individuals should be made aware of and provided with certain fundamental protections.

The system should ensure less equivocally than at present that the inspectors' function and report can in no circumstances derogate from or preempt the vital role to be performed by a judge and jury.

The author is senior partner, Rakisons, solicitors.

Letters to the Editor

Expected largesse

From the Director, Child Poverty Action Group.

Sir,—Samuel Brittan's support (March 5) for directing the bulk of the Chancellor's expected fiscal largesse to lower income groups rather than into cuts in the basic tax rate is welcome. We would, however, take exception to some of the points he makes.

He argues that "no poverty lobby worth its name should regret a cut from 60 to 50 per cent in the top marginal income tax rate." Such a cut would cost about £350m in a full year. When we are constantly being told that no extra resources are available to improve the position of, for example, those on supplementary benefit, it is difficult to see why the poverty lobby should support the diversion of yet more resources to the very highest paid. The argument that the recent increase in the tax share of the highest paid is a direct result of cuts in the higher rates is far from proven, as the Financial Times' Economics Correspondent pointed out (January 19).

We share Mr Brittan's desire for improvements in social security benefits, including supplementary benefit—in particular, to help families with children and the long-term unemployed. But, with regard to working families, an increase in child benefit should be the first priority. Family income supplement is claimed by only half of those eligible and the more it is increased, the harder it becomes to dig the poor out of the poverty trap.

Taxing child benefit under the present income tax system does not make sense as it means taxing it back from the very low income families that Mr Brittan wants to help. The revenue from simply taxing it for higher rate taxpayers would be minimal.

Unfortunately, such questions as how best to help poor families are unlikely to be exercising the Chancellor's mind at present. It is nevertheless worth reminding him that for the price of 1p off the basic rate, which would provide 41p a week for a family on half-average earnings, child benefit and the supplementary benefit children's scale rates could be increased by £2, providing an extra £4 a week for a two-child family.

Ruth Lister,
1-5 Bath Street, EC1.

Civil service pay

From the General Secretary, Inland Revenue Staff Federation

Sir,—Your Labour Correspondent's report (March 9) could give the wrong impression that all of the other civil service unions are "planning to criticise radical pay agreement reached provisionally last week by the Treasury and the Institution of Professional Civil Servants."

That is not so. This federation's executive committee decided on March 6 that it is neither essential nor relevant to consider either the advantages or the disadvantages of the new flexible pay system. The Treasury's letter of March 3 to the council of civil service unions does not require us to do that—moreover to do so could run the risk of damage to the pay claim and campaign on which we have embarked with three other unions.

On the other hand, summarily to reject now the flexible pay system as a possible way forward in the future, without any serious examination at all, would similarly be irresponsible. We shall therefore allow it to lie on the table until April 1987 pay is resolved. We neither advocate nor oppose what IPCS has done.

Tony Christopher.
231 Vauxhall Bridge Road, SW1.

No initial problems

From Mr T. Williams

Sir,—Re the item in Men and Matters (March 6) headed "Initial problems," there are still those who have not succumbed to abbreviation albeit it would probably be impossible. I speak in this instance of The Water of Ayr and Tam O'Shanter Hone Works Ltd, Mauchline, Ayrshire.

Try saying that one quickly after a few drams.

T. P. Williams.
17, Holstein Avenue, Weybridge, Surrey.

Poisonous Daphne

From Mr J. Constable

Sir,—Arthur Hellyer (March 7) retails that "one berry from Daphne Mezereum will put even the most liver-hardened drinker off his cocktails." I can only hope that some medical practitioner will quickly inform readers of the extremely poisonous nature of the seeds. My own injudicious experiment may, meanwhile, be an adequate warning.

I was intrigued by the attraction of these seeds for which greenfinches would visit our garden annually, wait a few days for them to achieve perfection and then disappear for a year. I tried one of the tiny kernels and within seconds my mouth and tongue were numbed and within minutes the skin was blistered and peeling. How the gut of the finch resists this intensively corrosive seed and what its deep attraction is I cannot guess; perhaps some other reader can enlighten me. I hope however that no one is tempted by your article to experiment on himself.

John Constable.
14, Church Street, Pershore, Worcs.

Front running rule

From Kate Mortimer

Sir,—Lex on March 7 had an accurate but incomplete account of the SIB's draft rule on "front running." The rule in question does permit purchases ahead of a "buy" recommendation if a firm has reason to believe that the recommendation would result in its customers coming forward with so many buy orders that the firm would have to go out and itself buy more of the investment concerned. The reason for including this permission was to meet representations that a firm with an influential analyst who recommends an infrequently traded or closely held stock would look pretty silly if it could not then supply the stock. If the analyst was an unknown or if the stock could readily be acquired to meet demand, the firm would not be justified in front-running.

But the important point omitted from Lex's description is the paragraph [(7)] of the rule, which says that whenever a firm takes advantage of the permission to front run its research results, it must tell its customers that it has done so. This disclosure requirement will, we hope, temper firms' desire to interpret the rule too flexibly and alert *customers to* the possibility of some bargaining if they decide to accept the recommendation. Firms with no market making or dealing arms, and firms who choose not to front run in the permitted circumstances, will no doubt find some marketing capital can be made out of the fact that their rivals have to make such disclosures.

As to "integrated securities houses" making a practice of demanding that market makers receive advance notice of analysts' recommendations, if such demands are in fact met, the houses concerned will be obliged by the SIB's rule to tell their customers that their analysts work on behalf of the firm and not the customers. Their research results will have to be accompanied by a statement that they "may have been acted on by the firm for its own purposes and the results [of the *research and analysis*] are being made available to the firm's customers only incidentally." The customers will doubtless draw their own conclusions for their own purposes.

Kate Mortimer.
Securities and Investments Board,
3, Royal Exchange Buildings, EC3.

The secret history of Procopious

From the President, Emergency International

Sir,—Justinian's cute, self-addressed, birthday tribute (March 2) is laudable in its expressed sentiment that we should look back to the Byzantine emperor of that name that gave us the Corpus Juris.

Your writer fails to mention another side of the Emperor's problems as a chief executive. While most students of art history recall the Royal Two, Justinian and Theodora with Attendants, a mosaic they commissioned at Ravenna, the less known vituperous account of their reign and marriage is less often heard.

In The Secret history of Procopious, a vituperous courtier claims that Theodora was a harlot, and that when confronted in bed with a lover by Justinian, she managed to argue her way clear. Judges who disregard what they see, never mind what they hear, are poor examples for posterity.

David A. Bershtein,
40, Wall Street, 41st Floor, New York, NY 10005.

Interest-free VAT loan

From the Financial Director, Dean & Dyball

Sir,—Readers will be well aware of the loss of 100 per cent initial allowances on capital investment by industry. They may not be so aware of an actual disincentive to investment due in April 1988.

I refer to a discreet notice by the VAT authorities (News Release No. 1163), that from April 1 1988, to comply with the EC Sixth Directive, input tax on capital goods will be reclaimable over five years.

If, as we do, you invest heavily in plant and equipment, it appears you will in effect be making an interest free medium term loan to the Government as a reward for your investment.

This amendment is not subject to discussion by Parliament but I wonder if any political party would care to comment as to how this assists Britain's industrial regeneration?

K. Macintosh.
Ocean House, New Quay Road, Poole, Dorset.

FINANCIAL TIMES

Wednesday March 11 1987

Fermenta discloses bigger losses

BY KEVIN DONE, NORDIC CORRESPONDENT, IN STOCKHOLM

THE FINANCIAL scandal surrounding Fermenta, the embattled Swedish antibiotics and chemicals group, deepened further yesterday as the company was forced to disclose that its losses for 1986 are now estimated to total SKr 500m ($77.4m) compared with profits of SKr 1.5bn forecast as late as the end of October. The group warned that it would run up further losses this year.

The financial rescue package announced in mid-February was now insufficient to deal with the company's acute liquidity problems, the group told an extraordinary meeting of shareholders.

Mr Bertil Holmberg, who took over officially yesterday as new Fermenta executive, the seventh in less than a year, said the company needed at least SKr 400m in new capital during 1987.

The financial rescue is to be enlarged with new concessions from the group's main Swedish banks, Götabanken, Svenska Handelsbanken, Nordbanken and PKbanken in the form of waived interest payments totalling SKr 80m.

These four banks have already agreed to provide SKr 110m in new loans and to postpone repayment of existing loans for up to 12 months.

Fermenta is also negotiating a moratorium on repayments with its other Nordic banks, including Kansallis-Osake-Pankki of Finland. However Mr Bert Sjölin, the new Fermenta chairman, said last night that the Swedish banks had gone along with the rescue package without insisting on similar concessions from the group's foreign banks, chiefly in Italy and the US.

The company will hold informal talks with Bank of America, its main US bank, in Stockholm tonight.

The planned share issue, the other major element in the rescue package, will be enlarged to raise at least SKr 250m and as much as SKr 580m in new equity capital.

At the same time the investigation of the web of allegedly fraudulent transactions surrounding Fermenta has now spread outside Sweden and includes "big companies abroad"

Mr Refaat El-Sayed, the discredited former majority shareholder and ousted chief executive of Fermenta, is already under investigation by the Stockholm police suspected of serious fraud, serious bookkeeping crimes and breaches of the Swedish Companies Act, but Mr Ake Danielsson, Fermenta's main external auditor, said last night that "of course Refaat was not alone."

He said the auditors had previously been "duped with false documents and false agreements." He said that a number of parties outside the company and outside Sweden involving "big companies abroad" had helped Mr El-Sayed and were now also under investigation.

As an important producer of bulk antibiotics, Fermenta has had extensive business contacts with a number of the world's leading chemicals and pharmaceuticals groups in the US and Europe.

France, UK link on arms purchases

By David Housego in Paris

BRITAIN and France yesterday announced potentially far-reaching plans for co-operation on arms purchases and on nuclear issues which reinforce the bilateral links recently forged by the two countries' joint purchase of Boeing Awacs radar aircraft.

The announcement, made at the close of a two-day meeting in Paris of Mr George Younger, the UK Defence Secretary and Mr Andre Giraud, his French counterpart, opens a new chapter in bilateral defence co-operation between the two countries, which had drifted apart in recent years in arms procurement.

It also comes while the prospect of a US-Soviet accord on intermediate nuclear weapons and with drawal of US missiles from Europe increases pressure on European governments to co-operate on defence.

The public declaration by Europe's two nuclear weapon states that they intend to co-operate over nuclear issues also crosses a new threshold in Anglo-French relations.

Mr Younger and Mr Giraud agreed to open their respective defence contracts to bids from each other's defence contractors, so as to encourage greater competition and, therefore, receive better value from their defence budgets.

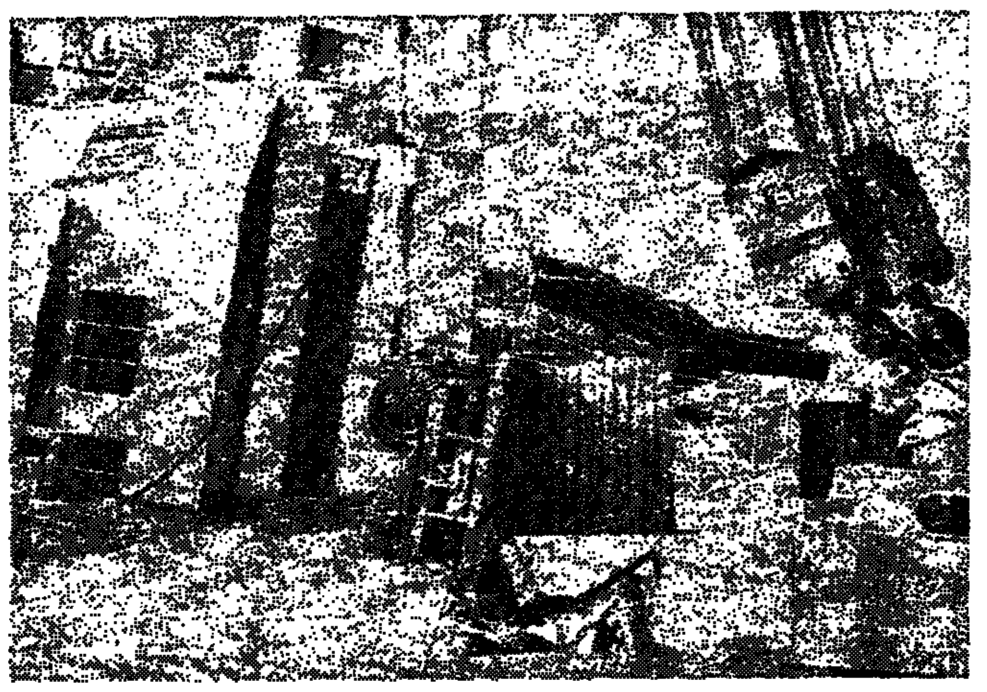
They thus have decided to organise a series of conferences bringing together defence officials and industrialists which will review the two countries' defence requirements and identify contract opportunities for each other's defence industries.

Apart from encouraging cross purchasing – and hence reducing duplication or research and development costs – the aim is to identify at an early stage projects for possible collaboration. The two governments are already discussing the joint development of a new air defence missile for ships.

The first of the conferences will cover equipment for the ground forces – and has been tentatively fixed for autumn. It is the first time that the French, who have traditionally discouraged foreign competition in domestic defence procurement, have taken such a public step to open up their market.

It coincides with a difficult period for French defence firms, such as Dassault, which are suffering from slowing export orders, and with considerable disappointment in the French defence industry that joint projects with West Germany – including the manufacture of tanks and helicopters – have lately born little fruit.

Over nuclear issues, Mr Younger said the aim was to collaborate on all background aspects of the two country's independent national nuclear deterrents. He cited as examples the whole area of arms control, the safety and security of nuclear bases and the strategic environment in which the two deterrents will have to operate.



A truck with British number plates being salvaged from the wreck of the Herald of Free Enterprise. A naval minesweeper stands by to ward off sightseers

Claims assessors accused of exploiting ferry survivors

BY KEVIN BROWN AND MICHAEL CASSELL IN LONDON AND WILL DAWKINS IN BRUSSELS

SURVIVORS of the Zeebrugge ferry disaster are being approached by freelance claims assessors offering immediate cash payments and help in formulating compensation claims in return for up to 50 per cent of eventual payments.

The Law Society said some of the assessors, known in the legal profession as "ambulance chasers" were "grabbing victims of the disaster as they got off the plane at Gatwick Airport."

The society said: "This is ruthless exploitation of the misery of others."

Mr David Tench, the Consumers' Association legal adviser said: "This is deplorable. There is nothing illegal about what they are doing, but people should be strongly urged not to have anything to do with them."

Mr Tench warned survivors and relatives not to be taken in by claims that using assessors would avoid legal bills.

"They are very expensive, but much more important they do not work according to professional ethics and standards in the way that solicitors do," he said.

Mr Tench was also critical of advertisements placed in national newspapers by Townsend Thoresen, the operator of the vehicle ferry Herald of Free Enterprise, which capsized half a mile from Zeebrugge harbour on Friday night.

The advertisements invited survivors and dependents of victims to write to the company for advice.

"This is well intentioned, but people should not reply to the advertisement; they should go to their own solicitor," Mr Tench said.

"This matter is most complex. The issues are very important. It is not just a matter of getting money. Many of the survivors will have matters of probate and so on to deal with as well."

Mr Tench said solicitors would be encouraged to co-ordinate claims through Pannone Napier, the Manchester-based firm of solicitors which dealt with claims arising from the Manchester air disaster two years ago.

In Brussels, Mr Stanley Clinton Davis, the EEC Transport Commissioner, said moves to improve the safety of vehicle ferries throughout the Community would be discussed at the next meeting of EEC transport ministers on March 24.

Mr Clinton Davis said ministers would be asked to consider action on ship specifications, but stressed that the Community would not seek to pre-empt action by national governments or the International Maritime Organisation, the UN agency responsible for safety at sea.

In Zeebrugge, two barges brought from the Netherlands by the Dutch salvage company Smit Tak began work on pulling the ferry upright. This is expected to take three weeks.

The confirmed death toll is 53, with 81 people still missing.

Banks oppose Manila debt proposal

BY ALEXANDER NICOLL IN LONDON

A NOVEL proposal from the Philippines to pay part of its debt interest in tradeable notes instead of cash has run into opposition from the country's leading creditor banks.

Negotiations between Mr Jaime Ongpin, the Finance Minister, and the bank advisory committee chaired by Manufacturers Hanover Trust are to continue in New York today. Bankers say they have been held in a constructive atmosphere with both sides keen to negotiate towards an agreement.

Nevertheless, banks appear reluctant to bend the principle held throughout the 4-½ year developing country debt crisis that they should be paid interest in full and in cash.

The plan to offer banks Philippine Investment Notes (Pins) in place of a margin above London interbank offered rates (Libor) – the normal benchmark for interest payments – would be a step towards capitalisation of interest which bankers fear would set a precedent for other debtor nations.

Mr Ongpin has already modified the proposal to guarantee that banks accepting Pins would receive at least the equivalent of ⅞ of a percentage point above Libor, rather than the ⅝ which, under his plan, would be paid to banks which opted to receive cash.

The offer to buy notes back at the ⅞ rate was made in response to concern expressed by the banks that the value of the Pins, which would be linked to the Philippines' debt-for-equity conversion programme, could fail in the secondary market.

Banks' reluctance, however, appears to be broader-based. If they reject the Pins plan, a wide gulf is likely to open between the two sides' negotiating positions.

Mr Ongpin has insisted that the country should not pay interest at more than ⅝ over Libor, and is under strong political pressure at home to come back with a deal which would provide this. The banks, however, were believed to have entered the discussions last week with a view that a margin of 1¼ over Libor would be appropriate.

Mr Ongpin was in Washington yesterday visiting US officials as well as the International Monetary Fund.

France to deregulate 40% of its telecom industry

By Paul Betts and Terry Dodsworth in Paris

THE FRENCH Government is planning to open up to competition about 40 per cent of the country's telecommunications industry, Mr Gerard Longuet, the minister for posts and telecommunications (PTT), said yesterday.

Mr Longuet said legislation to allow the introduction of competition would be drawn up by the end of spring and would be put before parliament during the autumn session.

He also confirmed that experts from the French telecommunications authority, the Direction Générale des Télécommunications (DGT), would complete a new round of technical tests on telephone exchange equipment from major international telecommunications groups bidding for control of CGCT, the troubled state-owned manufacturer.

American Telephone and Telegraph (AT&T) is currently seen as the front runner in the battle for control of CGCT and is understood to be favoured by Mr Longuet and Mr Alain Medelin, the industry minister. However, AT&T is facing a strong challenge from Siemens of West Germany, Ericsson of Sweden and Northern Telecom, the Canadian group.

Mr Longuet said a decision on CGCT's future would be taken by April 30 and emphasised the importance of bringing in a large foreign supplier to encourage competition in the French market. The winner of the battle for control of CGCT will gain an initial 16 per cent stake in the French public switch market which, with 24m telephone subscribers, is the third largest in the world and one of the most technically advanced.

The decision to deregulate the telecommunications sector has split the French administration and the DGT, but Mr Longuet stressed the determination of the Government to push ahead with gradual liberalisation of its near-monopoly.

At present about 90 per cent of telecommunications services in France are controlled by the DGT. The Government plans to open up competition in radio-telephone services, advanced value added networks tailored for business users, call boxes, cable services and satellite transmission.

Mr Longuet acknowledged that the deregulation of value added networks had been delayed but said they would be opened to competition in coming months. A special decree is expected to be issued by the autumn to enable these services to go ahead. IBM in partnership with Paribas, the French bank, and Olivetti of Italy with the French Suez financial group are already planning to offer services in the value added network field.

One of the difficulties of liberalising value added network services was to ensure that the DGT would not be squeezed out too quickly from its profitable special business service market, which helps to subsidise general public telephone services, Mr Longuet explained. These special services currently account for about FFr 4bn ($648m) in annual revenues for the DGT and involve about 350,000 subscribers. Mr Longuet suggested that it was necessary to implement a gradual transition from the monopoly structure to an open market system for value added networks.

Mr Longuet said his liberal policies as PTT minister would be judged by the degree of competition which will have been achieved in French telecommunications by the next presidential elections, scheduled for May 1988. Mr Longuet has often been criticised for failing to put into practice his open market rhetoric.

Mr Jacques Chirac, the Prime Minister, has appeared anxious to play down reform of the DGT to avoid the risk of a politically damaging conflict with PTT unions and public employees.

THE LEX COLUMN

Tesco checks out Cleckheaton

Hillards has for years been the subject of rumours that the likes of Tesco would bid for it. It is to be hoped that it was such tittle-tattle, rather than inside information, which caused the share price to jump by 17 per cent over the past fortnight.

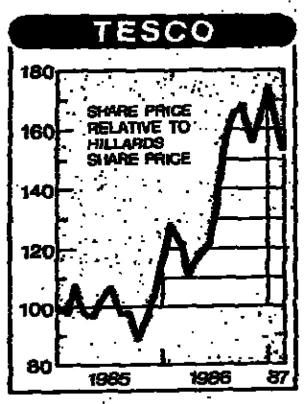
The terms of the offer, about 23 times Hillards' prospective earnings, and the complete absence of any criticism of the target company in the announcement, suggests that Tesco hopes for speedy agreement.

Yet the Hartley family, which speaks for about a quarter of the equity, is determined to keep the flag of independence flying over Cleckheaton, West Yorkshire. And major shareholders such as the Pru and the Pearl are less then ever of a mind to hand over well run regionally based companies to interlopers from the south-east.

So Tesco may need to offer even more money to defuse such high principled objections. That would not be too hard for Tesco, since the terms currently at the check-out do not involve any dilution for the bidder, even before the benefits of integration.

Those benefits – consisting chiefly of pushing more sales through the Hillards outlets – are so indisputable that it is difficult to imagine Hillards remaining independent at the end of any rational bargaining process.

Despite a national share of about 13 per cent, Tesco has a foothold of only 3.5 per cent in Yorkshire. Acquisition of Hillards would push Tesco's share of the Yorkshire market up to 10 per cent – enough to make a lot of sense, but surely not so much as to induce the OFT to refer the matter to the Monopolies Commission.



Imro

The first of the self-regulatory organisations, that for the investment managers (Imro), to come up with rules under the Financial Services Act, has done an admirable job. Only an inch thick, though not yet complete, the rules add to the SIB's own and are far easier to read. By and large they make good sense and reflect the best existing practices.

Unfortunately, investor protection is not just a matter of getting the rules right. First, there are areas where subjective judgments will inevitably have to be made, and they always open the way to arguments.

A member of Imro will not be allowed to deal, unless ordered to, in an investment which is unsuitable for a particular client. Suitability is a matter of opinion and can change over time.

Best execution can also prove difficult to define – what is the best price in ICI at a particular moment when 19 market-makers are competing in different sizes? And anyway under Imro rules managers can justify dealing at less than the best price on one transaction if they make it up somehow on later ones.

At least subjectivity will aid Imro in its assessment of fit and proper persons. Abiding by the rules is only one of five criteria for judging.

The other problem is policing – which the old Department of Trade and Industry system was so bad at. Will Imro have sufficient funds effectively to monitor its members' activities? With only a one in five chance of a spot check in any year, a determined crook will still be able to wrest money from fools.

Hongkong Bank

Rights issues with no specific use for the funds are often a provocation to shareholders, and in the case of Hongkong and Shanghai's HK$3.5bn offering a touch of mystery seems to have done predictable damage. Partly justified on the grounds that Hongkong's capital ratios have not been improving, and would deteriorate further if the pace of balance-sheet growth were to continue, the issue remains open to questions about the possibility of self-restraint.

Despite the cold water that Hongkong poured yesterday on thoughts of buying a bank in Europe – "expensive and not terribly profitable" – there were still some takers for the idea though the very modest movement in the shares of Royal Bank of Scotland suggests that the embers of that old affair are cold. Less unlikely, if still an outside chance, a move to mop up the minority in Marine Midland looks about as good an investment as any overseas bank has made in the US. At current prices, the rights proceeds would just about stretch to buying out the minority for cash though with nothing over for bid premium. And there could be worse uses for the money.

BBA

By the thinnest of margins, BBA has at last managed to scrape clear of last year's rights issue; at 191p, up 13p on yesterday's figures, respectability seems within sight. Having taken the opportunity of last autumn's dark hour for the UK motor industry, to drop 17 per cent of the Automotive Products labour force into a pre-acquisition adjustment, BBA now stands in a position to force decent volume growth through a slimmed down facility.

So the outlook for 1987 is for a fairly remarkable leap in profits; £6m of redundancies, and the reduction in working capital achieved by moving to just-in-time methods will probably buy £8m of cost-reduction this year, in AP alone.

Since there should also be progress in BBA's existing businesses, it is almost impossible to see pre-tax profits adding up to less than £40m, and the rise in UK profits will also make for a much lower tax charge as tax losses come into play. It is another matter to decide what lies ahead in 1988, when the chances of further growth in the international vehicle build must be rather slim; the need for an acquisition to keep the earnings going may by then be pressing hard. Just as well that the market seems, a little against the odds, to be giving BBA's paper a second chance.

World Weather

		°C	°F			°C	°F			°C	°F			°C	°F
Ajaccio	S	12	54	[illegible]	S	2	36	Malta	[illegible]	8	46	Rhodes	F	9	48
Algiers	C	17	63	Edinburgh	F	4	39	Manchester	S	4	39	Rio de J'o	C	30	86
Amsterdam	S	4	39	Faro	F	18	64	Manila	S	33	91	Rome	S	9	48
Athens	S	9	48	Florence	S	9	48	Melbourne	F	17	63	Salzburg	[illegible]	1	34
Bahrain	S	25	77	Frankfurt	S	3	37	Mexico City	S	24	75	San Francisco	F	11	52

Readings at mid-day yesterday: C-Cloudy D-Drizzle F-Fair Fg-Fog H-Hail R-Rain S-Sun Sl-Sleet Sn-Snow T-Thunder

Narrow victory for Haughey

Continued from Page 1

Dr Garret FitzGerald, the outgoing Prime Minister, and leader of Fine Gael, whose 51 deputies voted against Mr Haughey, immediately pledged not to oppose the incoming minority government if it took the "necessary action" to reduce the country's 19 per cent unemployment, and its high taxes, and did not add to the £24m ($38m) national debt.

Mr Haughey, whose most urgent task is to introduce a budget within a month to tackle the faltering economy, said he would be grateful for such support.

In his Cabinet announced last night, Mr Haughey appointed Mr Brian Lenihan as Deputy Prime Minister and Minister of Foreign Affairs, a duty which carries the co-chairmanship of the Anglo-Irish ministerial conference. A long-time close associate of Mr Haughey, Mr Lenihan has been in every Fianna Fail Cabinet since 1964 and was Minister of Foreign Affairs between 1979 and 1981.

His attitude towards the Anglo-Irish agreement has been broadly the same as Mr Haughey's, expressing reservations about concessions it makes to the Unionist majority, but saying it should be operated for any gains it can bring to the nationalist minority.

Mr Ray MacSharry returns to the key position of Minister of Finance, a post he held in the last short-lived Fianna Fail Government of 1982 which made some attempts to control the already serious imbalances in public finances.

The Department of Industry and Commerce, with responsibility for the key area of inward investment, goes to Mr Albert Reynolds who has held the post before.

Mr Haughey said he intended to appoint a junior minister responsible for European Community Affairs. He will also reorganise a number of Government departments to give extra impetus to wealth and employment generation in sectors such as marine resources and tourism.

With Fine Gael and the new Progressive Democratic Party likely to support the tough economic measures hinted at by Mr Haughey, the new Government should be secure for some months.

هكذا من الأصل

JOBS

Where Britain has a business lead in Europe

BY MICHAEL DIXON

LET US HEAR no more moanings that the UK has lost all claims to commercial leadership in western Europe.

An extensive survey just made by the Swiss-based Consultex company has found that there is one business sector in which Britain has a big lead over Continental countries. Indeed, the UK is so far ahead that last year it provided almost four in every five of the whole European sector's customers and nearly three-fifths of its earnings.

Country	First yr business appeared	Number of companies in 1986	Total '86 turnover (£'000s)	No. of people counselled during 1986: Paid for selves	Sponsored by ex-employer in groups	as individuals	Among sponsored individuals Average age	Average pay (£)	Avge mths to find job
UK	1971	16	18,760	980	20,700	2,100	45	26,800	4.4
France	1973	12	6,793	—	2,850	1,280	45	32,300	5.0
Netherlands	1978	4	2,680	—	150	582	46	30,000+	4 to 5
Scandinavia	1978	3	754	—	—	133	49	35,500	4.5
W Germany	1979	3	792	—	50	122	48	45,600	5.0
Switzerland	1980	5	1,356	—	177	171	48	50,000	4.3
Belgium	1982	9	1,184	—	201	296	45	30,000	4.4
Italy	1986	2	17	—	—	10	—	—	5.0
Spain	1986	1	17	—	—	10	—	—	—
All	1971	55	32,353	980	24,128	4,704	47	35,800	4.6

The only trouble is that the business in question consists of charging fees for helping sacked people to find new jobs.

How the so-called outplacement counselling business has developed in Europe is shown by the accompanying table drawn from the survey report, which of course gives much more information than I have room for here. Anyone wanting further details should contact Consultex's chief, Andrew Sundberg, at 157 Route du Grand Lancy, 1213 Onex, Geneva, Switzerland: telephone (022) 921659, telex 23804 Exco Ch.

Outplacement counselling evidently originated in the US during the 1960s and, as readers can see, made its first landfall on this side of the Atlantic in the UK in 1971. Within two years it had a foothold in France. Then another half decade passed before it spread to other Continental nations where, with the exception of Belgium, it has developed fairly slowly.

Today, according to the survey, France has 12 outplacement companies compared with Britain's 16. In terms of the size of the combined business done by those companies, however, the UK is far more advanced with a 1986 turnover approaching £19m as against nearly £7m.

The reason is that the market for counselling services in Britain is not only greater in size than it is elsewhere in Europe, but also different in shape.

In all the Continental countries the fees for the services are paid by employing organisations which have sent along unwanted men and women for counselling either as individuals or in groups. In the UK, however, a good many of the customers—980 last year—pay the fees out of their own pockets.

Bulk trade

But the main explanation for the higher turnover in Britain lies in the far greater development here of employer-financed counselling of groups of people, as distinct from individuals, about to lose their jobs because of a factory closure or the like. Of the total of 23,780 people who Consultex estimates were counselled in the UK last year, such group customers constituted no fewer than 20,700. France, the only other country where the "bulk" business is significantly developed, had 2,850 group customers out of a total of 4,130.

One British outplacement concern which specialises in group counselling is HD Associates, run by Patricia Dicks from offices by the harbour in Christchurch, Dorset.

"*We might as well have our* headquarters in a pleasant place because big redundancy problems can strike anywhere in the country, and when they *do, we have to go and work* where the problem is," she says. "For example, when the Government closed the Greater London Council we had over *50 full-time and part-time con*sultants on the site for 10 weeks dealing with about 4,000 people, 84 per cent of whom had found other jobs before we had *finished.*

"The key to our work is getting the timing right. We need to go and talk to the people affected well before the closure or whatever is officially announced. Then we systematically contact every employer in the area — every single one. After all, even a plumber needs a mate. What our consultants are particularly good at is getting local employers to look at people whom they otherwise would never have considered.

"We've usually managed to arrange for a good majority to have another job to go to before the axe officially falls. And that's had an effect on the organisations imposing the redundancies.

"At the beginning their top managers used to call us in and leave us to it, standing well aside from what we were doing as though we had BO in some terrible way. But now we find more and more that the top managers want to get involved. It's as though they see handling redundancies well as a feather in their company cap."

Charges

HD Associates' fees for group outplacement exercises vary with circumstances, but usually work out at between £50 and *£100 a head.* That contrasts with the charges made by counsellors who deal with people sent by companies on an individual basis. In those cases, the survey *found that there is a standard* fee pretty well throughout Europe of 15 per cent of the person's salary and other cash rewards, plus an administrative charge averaging about £670.

Consultex's conclusion from its study is that the market for the counsellors' services will continue to expand on this side of the Atlantic, with "every probability that corporate expenditure on outplacement services will grow much larger."

But that does not mean conditions will become easier for the counselling concerns. For one thing, it is probable that the market will attract sharpening competition from "many more of the larger established consultancy groups." For another, there are a couple of trends emerging especially in the UK, France and Switzerland which look likely to put the counsellors increasingly on their marketing mettle.

The first is that big employers are ceasing to retain a single outplacement company to deal with all their *outcasts.* Instead, while still meeting the fees, they are allowing the redundant people to make their own choice of which counsellor to go to.

*The second trend is that com*panies are also offering the departing staff a choice between going on an outplacement programme at the ex-employer's expense, and having an equivalent cash payment added to their normal compensation for loss of job.

"This is only a rare occurrence at present," Consultex says, "but it is not at all welcomed by the outplacement profession." From the viewpoint of the individual victim of redundancy, however, *it* is surely a very desirable development indeed.

Major US Institution

Swiss Sales

£ Highly Negotiable

The merchant banking arm of a major US commercial bank currently requires 2 experienced Eurobond Sales people to cover prime accounts in Switzerland.

Candidates should have a minimum of 18 months' sales experience within the Swiss sector and should currently work for an established house. The ability to demonstrate a successful track record is a prerequisite. Swiss nationality would be a major advantage, however this is not essential.

Interested parties should contact **Sally Poppleton** or **Andrew Stewart on: 01-404 5751,** or write to them at: Michael Page City, 39-41 Parker Street, London WC2B 5LH.

MP

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International Recruitment Consultants
London Brussels New York Paris Sydney
A member of Addison Consultancy Group PLC

CAPITAL MARKETS EXECUTIVES

£25,000-£40,000

There is currently a high demand for young investment bankers with at least two years' transactional experience. Opportunities exist for

- ★ ORIGINATION OFFICERS with documentation/marketing experience in either Europe or North America.
- ★ PRODUCT SPECIALISTS with a background in Bond Research/Product development, ideally with prior exposure to Swaps.

Excellent remuneration packages are available dependent upon age and experience.

Please contact Stuart Clifford (who can be contacted outside office hours on 834-1832) or Christopher Lawless.

TRADED OPTIONS

c. £25,000 + Bens

As a result of increased Traded Options activity, we have been retained by a leading City stockbroker to recruit an experienced trader to supplement their existing team.

Applicants should demonstrate a minimum of 12 months Options experience, combined with a general background in UK equities.

A highly competitive salary package is available.

Please contact Hilary Douglas.

BADENOCH & CLARK

THE FINANCIAL AND LEGAL RECRUITMENT SPECIALISTS
16-18 NEW BRIDGE STREET, BLACKFRIARS, LONDON EC4.
TELEPHONE: 01-583 0073

FLEMINGS

INVESTMENT BANKING MARKETING

An opportunity has arisen for an energetic executive to join Robert Fleming's investment banking group.

The role is to market Robert Fleming's investment banking services. This would involve co-operation with, and support for, our specialist corporate finance and capital markets teams when they market their products and services to a wide variety of UK and internationally based companies.

Experience in investment banking and marketing would be desirable although not essential for the right person. It is unlikely, however, that those under the age of 25 years will have gained the necessary maturity we seek.

A full salary package commensurate with relevant experience is available.

Applicants, of either sex, should write enclosing their curriculum vitae to:

Frank Smith
ROBERT FLEMING & CO. LIMITED
25 Copthall Avenue, London EC2R 7DR
Telephone: 01 638 5858

International Fund Management Group

Administration Director

London — to £45,000+bonus

We have been asked to find an individual to head up our Client's City-based Administration Team. Our Client is part of a world-wide Group with particularly *strong affiliations in the Far East.* A team of 25 people, for whom he/she will be responsible, look after all aspects of Unit Trusts, systems, portfolio administration and settlements. Our Client's operation takes in all aspects of international and domestic corporate fund management and Unit Trusts.

The job holder will be expected to work in concert with other parts of the Group and there is a travel aspect.

Ideally candidates will be working in the investment area with a Fund Management/Unit Trust Company, Merchant Bank, Stockbroker or Insurance Company.

In addition to the generous salary there will be a substantial profit sharing element, subsidised mortgage, company car etc.

Please contact, in the first instance, quoting ref. 810, Keith Fisher at Overton Shirley & Barry, Prince Rupert House, 64 Queen Street, London EC4R 1AD. Tel (01) 248 0355.

Overton Shirley & Barry
INTERNATIONAL SEARCH AND SELECTION CONSULTANTS

The Ecco Group

Wishes to announce the opening of a Banking and Financial Appointments Division.

This specialised area will be under the management of Peter Latham and will deal with all aspects of recruitment on behalf of Merchant and International Banks.

Our current assignments include the following:

CORPORATE FINANCE

Several of our clients require A.C.A's or Solicitors to join their teams dealing with a full range of Corporate Finance activities. Candidates will be aged mid 20's and have attained first time passes coupled with a minimum 2/1 Degree.

INTERNAL AUDIT

Two leading Accepting Houses wish to augment their Internal Audit Department by the recruitment of qualified A.C.A's/A.C.C.A's. There will be opportunities to move to other divisions within the bank after a suitable period.

GROUP FINANCE DEPARTMENT

A newly qualified A.C.A. or A.C.C.A. is required by a Merchant Bank to work with the Chief Accountant dealing with management accounts.

For the above positions competitive salaries according to age and experience will be paid together with the usual banking benefits.

UNIT TRUST ADMINISTRATOR

A partly-qualified Accountant is required to deal with the administrative work associated with Unit Trusts. Candidates should have had experience of Unit Trust Investment with a U.K. Bank or Insurance Company.

PERSONNEL OFFICER

An Investment Management Company wishes to recruit a Personnel Officer, 30/40 years of age, to deal with the recruitment of staff and other administrative matters. Experience of personnel work within an insurance environment is essential.

JUNIOR INVESTMENT FUND MANAGER

For this position applicants should be Graduates with 2/3 years Investment experience, preferably in an analytical environment.

All applications will be treated in the strictest confidence and should be addressed to Peter Latham at 11, Eastcheap, London EC3M 1BN. Telephone: 01-929 4689.

ECCO — BANKING & FINANCIAL APPOINTMENTS
11 Eastcheap, London EC3M 1BN. Tel: 01-929 4689

Delta

SHIPPING SERVICES LTD
25 Rue du Simplon
1006 Lausanne
Switzerland

IS LOOKING FOR

A COMMODITY TRADER

To join a newly formed trading department within a long established Shipping Group

AND ALSO FOR

A COMPETITIVE DRY CARGO BROKER

Swiss working permit essential

Please send us your full personal details and call:
Mr Michael Gerasimidis
Tel: 021/27.99.22

Appointments Wanted

Argentina-Uruguay

FORMER GENERAL MANAGER

European international bank with long standing credit experience in above area is interested in taking up representation for foreign bank

Write Box A0445, Financial Times 10 Cannon St, London EC4P 4BY

MOTOR TRADE

Senior Manager and Director with extensive experience in retail, distribution and importerships, is shortly retiring, age 57. Interested in position as NON-EXECUTIVE DIRECTOR OR PART-TIME DIRECTOR in Motor Vehicle business

Write Box A0446, Financial Times 10 Cannon St, London EC4P 4BY

J. & E. DAVY

MONEYBROKERS

As a result of continuing expansion, J & E Davy, seeks to recruit moneybrokers to augment its established Interbank Moneybroking Group.

Senior Broker – Money Markets

The ideal candidate will at present be working in a senior position as either broker or principal and should have a wide experience of money markets, domestic and Euro. Experience in off balance sheets products is essential. Self motivation and an ability to lead is desirable.

Broker – Money Markets

An experienced broker or principal with good overall knowledge of money markets. Some experience of off balance sheets products would be an advantage.

Trainee Brokers

Applications are invited from personnel who are presently working in a junior or trainee capacity in a financial environment. A good general knowledge of *foreign exchange/money markets* would be an advantage. Candidates should be good communicators and highly numerate.

These positions offer very high rewards and an opportunity to pursue a very worthwhile career.

Application together with C.V. should be submitted before 27th March. Ref. A.K.

J & E Davy, 60/63, Dawson Street, Dublin 2. Ireland.

LEASING
★ ★
INSTALMENT CREDIT
★ ★
FACTORING
★ ★
300+ VACANCIES
PHONE 0273 738293
ARL
(FINANCE RECRUITMENT)

JAPANESE EQUITIES

A Japanese Securities House in London
REQUIRES AN EXPERIENCED
JAPANESE EQUITIES SALES PERSON
Knowledge of the language would be helpful
Age immaterial. Salary by negotiation
Please write, enclosing full cv, in strict confidence to:
Box A0444, Financial Times
10 Cannon Street, London EC4P 4BY

Senior Corporate Analyst

(with an entrepreneurial spirit)

c£36,000
Central London

An exciting, prestigiously backed new venture, in the field of credit *evaluation*, begins this Spring with the opening of the first European-based international rating service.

A Senior Corporate Analyst is required to lead a talented and professional team, in the generation and marketing of financial and economic *information, operating* at the highest management levels in the European corporate sector.

We are seeking an ambitious, professional individual, possibly with Vice President status in a reputable financial institution, who possesses an excellent credit analysis training and the necessary commercial acumen to contribute significantly to company growth.

The salary package will not be a limiting factor for the right candidate, and the role provides all of the excellent prospects normally associated with joining a dynamic new enterprise.

Please send a full CV, in confidence, quoting reference MCS/3021 to:
Tracey Phillips
Executive Selection Division
Price Waterhouse
Management Consultants
No 1 London Bridge
London SE1 9QL

Price Waterhouse

International Investment Management...

THE NEXT BIG BANG?

While the stockmarket 'Big Bang' has been dominating the headlines, another major area of City business has been subject to a quieter but no less spectacular period of growth. And whilst the stockmarket awaits its inevitable shake-out, there seems to be no pause in the continuing and rapid development of the City as the global centre for international investment management.

Over the past five years, Anderson, Squires has been one of the fastest growing companies in the field of financial recruitment. We are now launching a new **Investment Division** to handle, on a specialist basis, a rapidly growing number of fund management assignments.

We are joined by **Roger Steare**, an acknowledged specialist in this field, who will be delighted to discuss career moves with candidates at all levels who are seeking to take advantage of the opportunities available, and who have relevant experience in investments, stockbroking, securities, and banking.

Please telephone Roger Steare on 01-606 1706 (until 8.30 p.m. tonight) or write to him enclosing your c.v.

Anderson, Squires Ltd.,
Financial Recruitment Specialists,
127 Cheapside, London EC2V 6BU

Anderson, Squires

Branch Sales Manager - Insurance

City c.£45,000 + car

Our client's extensive penetration into the City's financial markets has been a vital factor in consolidating its leading position as supplier of advanced information and communications systems in the UK.

Insurance is one of a number of vertical markets in which the company is particularly strong, and hence is able to expand its management team by recruiting an experienced and talented insurance professional to the position of Branch Manager.

Based in the heart of the City, you will use your in-depth knowledge of Insurance markets to optimise revenues from a thriving sales unit as well as pursuing new business opportunities.

You will be required to collaborate closely with the marketing and support functions, ensuring the highest level of service is provided for all clients.

An assured knowledge of contemporary information technology, *including networking strategy, must be supported by* at least 5 years' experience of Insurance and related markets. An ability to drive a successful sales operation and to motivate staff in a young, fast-moving organisation is essential.

Salaries, which are highly competitive and relate directly to experience, are offered together with a company car, generous bonus scheme and comprehensive benefits.

To apply, please send full cv which will be forwarded to our client unopened. (Address to our Security Manager if listing companies to which it should not be sent.)
Ref: J8072/FT.

PA

PA Advertising

Hyde Park House, 60a Knightsbridge, London SW1X 7LE.
Tel: 01-235 6060 Telex: 27874

Fund Managers

U.K. Equities

Our client is one of the largest U.K. investment houses with substantial worldwide funds under management. It is part of one of the most successful groupings in the newly-structured securities markets.

To handle the rapid growth of investment portfolios and the range of new products being introduced our client now seeks to strengthen its investment team by appointing two young fund managers to manage U.K. unit trust portfolios. The successful candidates will be graduates, aged about 25, with at least three years research and funds management experience in a major investment organisation.

The remuneration package will be an attractive one and will include an incentive bonus and a subsidised mortgage loan.

Please send full C.V. – *in confidence – stating current salary* to D. Austin, ref. B7008.

MSL International (UK) Ltd, 52 Grosvenor Gardens, London SW1W 0AW.

Offices in Europe, the Americas, Australasia and Asia Pacific.

MSL International
Executive Search and Selection

Operations Development Manager

A senior role in Britain's leading service organisation

£21,700 + car ***Basingstoke***

The AA is today one of the world's leading service organisations, and by far the largest motoring organisation anywhere. And, as a modern and well-managed organisation, it is still expanding in both new and traditional areas.

The Manager (Operations Development) will play a key role in the development of our Road Service Operations, providing a comprehensive development function that enables both operations and administration departments to plan for and implement new and enhanced services and systems.

In particular, this involves controlling *the complete programme associated with* upgrading our Breakdown and Information services, liaising with estates management, management services and other support services to ensure that this programme is developed and concluded on time and within budget.

You will also initiate and control *other projects concerned with improving* services, commissioning research and using advanced computer simulation techniques to evaluate the financial and resource implications of strategies and new *developments*.

With a degree in Economics and in-depth experience of practical management problems on a day-to-day basis, you'll be able to take on this important task, which has budgetary parameters in excess of £90 million p.a. You should be familiar with modern methods of management control and have experience of numerate techniques in management planning.

In addition to the excellent salary *and company car, there will be benefits* normally associated with senior positions within major companies. Relocation will be *available* where appropriate.

Send full CV, or for further information and an application form, please telephone or write to: The General Manager, Personnel, at the address below.
Tel: (0256) 493691

AA

THE AUTOMOBILE ASSOCIATION, FANUM HOUSE, BASING VIEW, BASINGSTOKE, HAMPSHIRE RG21 2EA.

ASSISTANT FOR MONEY MARKET UNIT

Developing skills in money management

London Salary negotiable

Lloyd's is a unique institution, formed by a collective of private individuals, specialist underwriters and professional brokers whose combined expertise and reputation *make Lloyd's the world's foremost insurance market.*

The Money Market Unit handles a wide variety of multi-currency funds, covering cash deposits, borrowing and foreign exchange dealing, and it constitutes an important part of Lloyd's Treasury Department.

An excellent opportunity has arisen within the Unit for someone wishing to broaden their experience, working in a small professional team. The successful candidate will be involved in both money management and in dealing in the Money Market, and they will be encouraged to develop their expertise in these fast-moving areas.

Candidates will be in their mid-twenties, with previous relevant experience in the Treasury Department of a commercial or financial organisation. They must have the ability to work effectively under pressure and the communication skills to develop good working relationships with banking contacts and with other major departments within Lloyd's.

The salary is negotiable according to qualifications and experience and the excellent package offered includes: mortgage subsidy, non-contributory pension, P.P.P. and season ticket loan, along with other benefits associated with a large company.

To apply, please write with full cv, quoting reference PD390, to Mr Chris Hooper, Corporation of Lloyd's, London House, 6 London Street, London EC3R 7AB.

LLOYD'S OF LONDON

Computer-Based Financial Systems

CONSULTANTS

UP TO £30,000 PLUS CAR

This is a rare opportunity to play a vital role in exciting new developments now taking place in a well-established international financial institution, based in the City.

Our clients are radically changing direction and marketing their advanced computerised systems to a diverse range of users in the financial services sector. New real-time systems are being developed, using modern methodology and the latest hardware/software to meet the changing needs of this growth area.

Resulting from this expansion, several new senior posts are being created, including direction and management of projects; support of marketing initiatives in new business opportunities; consultancy; presentations to clients and a wide variety of related tasks.

These first-class green field openings will appeal to creative, entrepreneurial consultants or project managers with upwards of six years IT experience, including two or more of the following:

- DEC VAX software/hardware
- standards, methodology and data administration
- networking strategy, design and implementation
- real-time financial applications, such as International Securities, Stock/Commodity Broking or Investment Banking.

We are recruiting for clients, who offer an excellent employment package, a good career path in a growth organisation and the stimulus of occasional short visits to clients overseas.

Please ring us for an initial confidential talk, quoting ref. 188 FT, or send us your c.v. Messages after office hours will be recorded.

EDP SYSTEMS LTD.
52-53 Margaret Street, London W1N 7FF.
Tel: 01-637 5796.

Manager– Equities Management Middle East

$ six figures plus benefits

Our client is a major international investment bank based in one of the most progressive parts of the Middle East. As part of a continuing programme of expansion the bank urgently requires an experienced Equities Manager to lead and expand an established team developing investment strategy and trading internationally.

Candidates should be graduates with at least five years experience in a similar role. Broad international equities experience is essential and must include the discretionary management of funds in the U.S.A. and in continental Europe.

The six figure salary is negotiable and is paid free of tax. A high standard of furnished housing is provided and the benefits package includes a car, annual home leave and childrens' education.

Please send full career and personal details, quoting reference ES/1044, to Andrew Duncan,
March Consulting Group, March House, 13 Park Street, Windsor SL4 1LU, England, or call 0753 869346 for further information.

MARCH
CONSULTING GROUP

Financial Analyst

BIS Banking Systems is the market leader in specialised computer software systems to the international Banking sector and is part of the BIS Group, a £60m information technology and marketing services group, operating worldwide.

Significant business growth has created the need for a well qualified Financial Analyst reporting to the Chief Accountant. The successful candidate will be responsible for the development of improved business planning, financial reporting systems and forecasting, and the design of international reporting systems.

The appointee will be a graduate or qualified accountant ideally having gained their experience in the banking/financial sector or in an information technology environment. They will also have well developed skills in communication and presentation at all levels of management and experience of micro-computer processors.

We offer career development opportunities within the Group together with an attractive salary and benefits package.

Please send your CV to: J. Martin, Senior Recruitment Officer, BIS Banking Systems, 1 St Georges Road, Wimbledon, London SW19 4DR.

BIS Banking Systems BIS CAREERS WITH THE MIDAS TOUCH

FEX DEALER

Circa £25,000+City Benefits

A Commercial Bank having large network in India and branches in the U.K., Hong Kong and Singapore invites application for the above position.

The Bank seeks a first-class young Dealer with excellent proven record and contacts to assume responsiblities to activate the Dealing Room.

Please send your curriculum vitae, in confidence, to:

Box A0440, Financial Times
10 Cannon Street, London EC4P 4BY

SIB

Four Key Appointments

The SIB (the Securities and Investments Board) is preparing to be the body charged with the main responsibility, backed by substantial statutory powers, for developing a system of regulation which combines the best aspects of statutory and self-regulation. Based in the City, the SIB seeks to appoint four additional members of staff at Assistant Director level. Working within established teams, the candidates will be responsible for a broad range of duties involving the policy and rules relating to the regulation of independent intermediaries, life offices and investment managers, and the recognition and regulation of SROs (Self Regulatory Organisations) and the RPBs (Recognised Professional Bodies).

Applicants will have experience of the financial services sector gained within an investment business, an accounting/legal firm or a relevant institution and have the personal qualities to communicate with individuals at all levels.

The rewards will not disappoint. Technical, intellectual and personal challenge will be encountered within this high profile body at the apex of a new framework for investor protection.

Interested applicants should write enclosing a full CV to Nick Root at Michael Page City, 39-41 Parker Street, London WC2B 5LH. Strict confidentiality assured.

MP

Michael Page City

International Recruitment Consultants – London Brussels New York Paris Sydney

A member of Addison Consultancy Group PLC

Jonathan Wren

BANKING ACA'S – CORPORATE FINANCE — £25,000 to £50,000 plus full benefits

Our clients, two major banks, seek high profile bankers who can clearly demonstrate several years success in providing a first class service to UK clients seeking advice on M & A's, flotations, new issues, MBO's, LBO's etc. Applicants must be ACA's, aged 27 to 32 years, be currently working in a UK or international merchant bank or stockbroker and possess excellent communication and innovative financial skills. Contact Brian Gooch or Simon Carter.

CORPORATE FINANCE — £25,000+

An international bank currently seeks an individual with a successful track record of at least two years in business development in the UK medium corporate sector. First class communication and analytical skills are essential and some exposure to the more innovative financing techniques, such as leveraged financing, would be an added advantage. Contact Norma Given.

CREDIT OFFICER (FRENCH) — £neg

Due to current expansion within the corporate finance area of a major European bank, an excellent career opportunity has arisen for a young, ambitious credit officer. The successful applicant will have gained 2/3 years lending and credit analysis experience within a banking environment, possess AIB and/or degree and a good knowledge of French. A marketing role is envisaged in the short term and a superb benefits package is offered. Contact Anne Fenwicke.

INVESTMENT ACCOUNTANT to £20,000 + benefits

Our client, an expanding and dynamic financial services company, seeks an ambitious, qualified or part-qualified accountant. The successful applicant will be responsible for fund management and unit trust management accounts and will report to the General Manager. Candidates preferably will have securities settlements experience and, ideally, a broad-based knowledge of unit trusts.

Respondents should be in their late 20's or early 30's. Salary will be competitive with a comprehensive benefits package. Contact Keiren Harris or Barbara Dabek.

LONDON BRUSSELS HONG KONG SYDNEY

Jonathan Wren

Recruitment Consultants

No.1 New Street, (off Bishopsgate), London EC2M 4TP.

Telephone: 01-623 1266. Fax: 01-626 5258.

Young Investment Banker or Exceptional Account Officer

ECP MARKETING – EUROPE

Competitive Salary * Performance Bonus * Banking Benefits

This major bank is a highly successful and innovative force in the ECP market. It is well poised both for considerable growth in size and range of ECP programmes, and the development of Medium Term Notes.

This position will cover a major territory within Europe with responsibility for marketing ECP and other short-date products both to major corporate customers and government agencies. It will capitalize on proven success and a strong distribution and trading effort.

Ideally, candidates will have had 3-5 years banking experience marketing capital market products; however, a high calibre commercial banker (perhaps with knowledge of French, German or Scandinavian markets) would be considered. Most crucial are qualities of imagination and assertiveness and an ability to work fast under high pressure. Career prospects are allied to exciting developments within this area.

For further details please contact Kevin Byrne on 01-248-3653 during office hours (076382-728 evenings/weekends) or send a detailed C.V. to the address below. All applications are treated in the strictest confidence.

60, Cheapside, London EC2V 6AX

BBM ASSOCIATES

Telephone: 01-248 3653

CONSULTANTS IN RECRUITMENT

Barclayshare

Excellent Opportunities

Barclayshare is poised to take advantage of opportunities provided by its wide contacts within the investing public through the branches of Barclays Bank to develop its stockbroking capacity in the light of expansion in direct share ownership.

They are seeking to fill a number of positions within their Watford-based offices, within easy reach of London.

★ **Account Executives**
Successful applicants will be involved in a wide range of retail investment activity; provision of investment guidance, dealing, and Personal Equity Plans. They are likely to have a minimum of 3 years' experience within the Private Client department of a stockbroker or other financial intermediary.

★ **Investment Research Executive**
The successful candidate will work in a team providing investment advice to Barclayshare customers as well as other areas of the bank. He/she will have had a minimum of 18 months' experience within the relevant areas of a stockbroker or similar institution, or a background in financial journalism.

A competitive salary package is offered, together with a modern working environment and excellent banking benefits.

For further information on these challenging opportunities, please contact Charles Ritchie or Nick Root on 01-404 5751, or write enclosing a comprehensive CV to Michael Page City, 39-41 Parker Street, London WC2B 5LH.

MP

Michael Page City

International Recruitment Consultants – London Brussels New York Paris Sydney

A member of Addison Consultancy Group PLC

HEAD OF BOND SALES — £ Neg

Well known International Merchant Bank is urgently seeking a Eurobond Sales person with four years experience in straights and FRNs in major currencies to become Head of its Sales Team.

T-BOND SALES — £ Neg

A good opportunity has arisen for a career move as our client, a large British Merchant Bank, is interested in recruiting sales personnel who have solid experience in US Treasury Bond markets.

EUROBOND SALES — £ Neg

Reputable European Merchant Bank has an exciting opening for an experienced sales person to join its successful sales team to deal in New Issue straights, ability in Japanese desired.

EUROBOND DEALERS — £ Neg

A few International Merchant Banks are seeking capable Eurobond Dealers with experience in Euro Yen and Eurodollars.

JAPANESE EQUITY SALES — £30,000

Established Securities House requires Japanese Equity Sales person with at least one year's experience and with Japanese speaking ability.

Interested candidates should contact:

Mark Hawking
on 01-236 8192
JAC RECRUITMENT

JAC

Financial Director

Broadcasting/Vocational Education

Manchester — The Open College — to £40,000

The Open College is a new initiative to create a major increase in learning opportunities for everyone. This will involve working closely with television, radio, the further education sector and industry.

The College is seeking to recruit a Financial Director to work closely with the Chief Executive and provide leadership in the areas of financial strategy and business planning. A key responsibility will be the development and implementation of policies to ensure commercial viability. Finance for the College's activities will come from a variety of sources including the sponsorship of courses, sale of material, and student fees. Additional responsibilities will therefore include assessing and evaluating the financial implications of alternative course mixes.

Candidates should have an impressive track record in managing and developing new areas of activity. Experience of the issues that operating in an organisation with a complex product and market mix pose would be an advantage. An industrial or commercial background is essential.

Please send full personal, salary and career details in confidence to Martyn Sloman, quoting reference 1728/FT on both envelope and letter. Interviews will be held in Manchester.

Deloitte Haskins+Sells

Management Consultancy Division

P.O. Box 198, Hillgate House, 26 Old Bailey, London EC4M 7PL

Manager– Future and Options Middle East

$ six figures plus benefits

This is a unique opportunity for the right person to demonstrate his/her management skills within a well established and highly regarded investment bank based in one of the most progressive parts of the Middle East.

The challenge is to establish a futures and options trading function, to determine the policy and size of the operation and to develop and manage the trading activities.

The requirement is for an experienced and profitable trader with proven management skills.

The rewards are a negotiable six figure salary, paid free of tax, a high standard of furnished housing, car, annual home leave and childrens' education, plus the opportunity to build a professional reputation from a 'green field' situation.

Please send full career and personal details, quoting reference ES/1043, to Andrew Duncan, March Consulting Group, March House, 13 Park Street, Windsor SL4 1LU, England, or call 0753 869346 for further information.

MARCH CONSULTING GROUP

Euro Dollar Straights Senior Trader

A new and important position has been created in a UK Merchant Bank as part of a progressive expansion plan to take responsibility for this sector and report to the Treasury Manager. Salary, merit and percentage-earned bonuses to be agreed mutually. c. £60,000 plus p.a.

Sheila Jones
109 Old Broad Street
London EC2N 1AP
Tel: 01-588 3991

OLD BROAD STREET BUREAU LIMITED

MANAGING DIRECTOR

Managing director required for UK subsidiary of a US government bond dealer. Must have *at least five years' experience* in financial futures, with particular emphasis on US bond cash to futures *basis* arbitrage and hedging techniques, and at least 8 years' experience in currency dealings, including interbank and US figures exchange floor trading, brokerage and listed options trading experience.

Salary: £20,000 p.a.—bonus element on profits negotiable. Please reply with full curriculum vitae to the company's solicitors, Jaques and Lewis, 2 South Square, Grays Inn, London WC1R 5HR.

Ref: JVB.

OPTIONS STRATEGIST

Major European Bank requires experienced Options Strategist for its expanding treasury operations.

Candidate must have a high level of academic qualifications in options theory and pricing, together with advanced computer programming capability.

Minimum 1 year trading experience in currency and interest rate options and related products.

Candidates should be in their mid to late 20s.

SALARY NEG commensurate with experience.

Write Box A0432, Financial Times
10 Cannon Street, London EC4P 4BY

CD/Eurodollar Desk

Our active Eurodollar desk has a requirement for a dollar deposit dealer with at least two years' experience to increase our cash trading potential in dollar and cash instruments, particularly CDs.

The successful applicant must be conversant with all aspects of the Eurodollar market and be capable of running the desk in the Senior Trader's absence.

The post will offer a generous remuneration package which will include a high basic salary, profit-sharing and generous banking benefits.

If you are interested in this position, please send a copy of your personal details, in confidence, to:
Andrew S May,
NM Rothschild & Sons Limited,
New Court, St. Swithin's Lane,
London EC4P 4DU.

N M Rothschild & Sons Limited

INVESTMENT MANAGEMENT EQUITIES

RESEARCH-MANAGEMENT

New York

The U.S. based investment management affiliate of a major European Financial Institution is seeking an experienced research analyst to join its global portfolio strategy group in New York with responsibility for research liaison on UK and European companies. The client company is a Registered Investment Adviser to U.S. based institutional and large individual clients.

This assignment involves full participation in the investment policy decision making committee with attendant portfolio management responsibilities.

Candidates should have:
- 2-4 years international investment experience,
- a good educational background — related degrees preferred,
- an ability to relate specific research to global investment concepts,
- a desire to contribute to the growth of the firm's client portfolios.

The successful candidate will receive a remuneration package based upon U.S. standards subject to considerations beneficial to the applicant.

Please write in confidence, enclosing career details and quoting reference S6866/L to Valerie Fairbank, Executive Selection Division.

PEAT MARWICK

Peat, Marwick, Mitchell & Co., 165 Queen Victoria Street, London EC4V 3PD.

Improve on the best in the business

A tall order? As no. 1 in Global Custody services, we set self-improvement right at the top of our list. In a field as complex and competitive as ours—where our expertise supports investors in equity markets the world over—an aggressive approach to our own growth and development is vital.

That's why, now that we need to fill two key management roles in support of these services, we're looking quite simply, for the best. In other words, exceptional man-managers who take challenge and responsibility in their stride and who'd thrive in our dynamic and totally uncompromising environment.

Manager – Transactions Processing

Our Securities Transaction Processing group, comprising a team of 90, is involved in trade settlements, tax and dividends processing, corporate actions and telex transmission. Your job requires an ability to manage people, to streamline work procedures and facilitate the development and implementation of new technology to handle the ever-increasing volume of trade.

The sensitive nature of the business demands a high level of control and risk awareness. You will be responsible for the continued monitoring of processing efficiency, with the minimising of risks as a key task, and must have strong experience of controlling high volume transaction business.

Manager – Agents Control

This group provides operational management of a network of sub-custodians who handle the control and reconciliation of transaction settlements worldwide. It works closely both with overseas agents and with internal processing units.

We see you as someone with a high level of awareness of risk management issues—an innovative problem solver, with a securities processing background, who is fully at home with the implementation of technology.

Both positions are located at our Operations and Administration centre in Bournemouth—one of the most attractive areas in the South of England—and carry excellent salaries, generous relocation expenses and benefits associated with top financial institutions.

Stretch yourself. Write, enclosing a full C.V., to Mary O'Connell, Personnel Officer, The Chase Manhattan Bank N.A, 1 Chaseside, Bournemouth, BH7 7DB.

CHASE

INVESTMENT MANAGEMENT

PORTFOLIO MANAGEMENT

This is an outstanding opportunity for an investment assistant to join a fast expanding International Investment Management company based in the West End. The position involves varied responsibilities, including monitoring and continually assessing clients' portfolios. The company is active in bond and equity markets worldwide. Candidates — aged 22-30, numerate and with a strong educational background — may already be working in the investment sector, or be seeking a *rewarding career* change from banking or accountancy. There will be *great scope for personal development* and with increasing experience, the *opportunity to contribute to investment* strategy.

ANALYST/ TRADER

An entrepreneurial, self confident, decisive and highly motivated individual is sought for *a rapidly expanding investment bank.* Working in a small, close-knit team of traders and analysts, this *individual* will be expected to seek out, research and *evaluate investment opportunities in the UK* and overseas stockmarkets. He/she will then be involved with the investment decision making process. Candidates will either be working as investment analysts and looking for a more stimulating and reward orientated environment; or be in corporate finance, accountancy (recently qualified Accountants) or another *financial/investment related position* and looking for a change of direction. Salary will *be most attractive, with the opportunity to* earn a substantial bonus.

INVESTMENT ACCOUNTANT

Our client is the London investment banking subsidiary *of a major commercial bank.* This opportunity in investment *support follows continuing* growth in the volume of funds under global management. The position carries both managerial and technical responsibilities for a team handling all aspects of investment accounting. Whilst primarily involved in client accounting, you will also have *scope to develop the division's* systems. Vital qualities are flexibility and self-motivation, coupled with a professional *qualification and previous* relevant experience.

Please contact Roger Steare, Joanna Davies or Felicity Hother.

Telephone: 01-606 1706.

Anderson, Squires, Ltd., Financial Recruitment Specialists 127 Cheapside, London EC2V 6BU

Anderson, Squires

EUROBOND SALES

JAPANESE CONVERTIBLES AND WARRANTS

A chance to join a leading British bank, fast becoming a major force in global securities.

This is a chance to move to the British bank which perhaps more than any other has risen to the challenge of international competition. You will be joining one of the great names in merchant banking which, having determined to become a major player in global securities, has already captured a pre-eminent position in Swaps, is one of the largest market makers in UK. *Equities and Gilts, and is fast building a good business* in the Eurobond market, particularly through secondary trades.

The bank makes markets in a large number of Japanese Convertible Bonds and Equity Warrant Issues. *It has full branch status in Tokyo and is represented* in all of the world's major financial markets. The bank has already established an active sales team which is organised so as not to produce territorial restrictions. You will therefore be able to continue to service your existing connections. At the same time the bank's name and reputation is well established with institutional investors worldwide so there is great potential for you to develop new accounts.

To be a candidate you must have at least two years experience in selling Japanese equity related securities and have account responsibility or good quality current contacts from which sales can be immediately generated. As an alternative, experience in sales of Japanese Equities will also be considered.

The bank offers a very generous pay package. Salaries are competitive with other market leaders; there is also a performance related bonus; mortgage subsidy; attractive company car scheme and non-contributory flexible pension arrangements.

To apply please call John Sears and Associates, Executive Recruitment Consultants, on 01-629 3532 or write to us at Cavendish Court, 11/15 Wigmore Street, London W1H 9LB.

John Sears and Associates

A MEMBER OF THE SMCL GROUP

N. M. Rothschild Asset Management Limited

Unit Trust Registrar

N. M. Rothschild Asset Management is seeking a Registrar for its unit trusts.

The successful applicant will need at least three years experience in Unit Trust or Company registration.

The post offers an attractive salary. Besides normal banking benefits, the remuneration package will include a Company profit sharing scheme.

Please send a full curriculum vitae to:

The Personnel Director
(Ref N73/41/RAJM)
N. M. Rothschild Asset Management Limited
PO Box 185
New court
St Swithin's Lane
London EC4P 4DU

CREDIT CONTROL MANAGER

British Steel Service Centres Limited is a major distributor of steel products in the U.K. being the stockholding/processing arm of the British Steel Corporation. The Company has a turnover of approximately £200 million per annum, with some 10,000 customer accounts ranging from large conglomerates to small contractors.

A vacancy arises in the Company Headquarters at Stourbridge in the West Midlands for a Manager of the Credit Control Department. Responsibilities include review of credit limits, monitoring of exposure and ensuring that speedy, positive action is taken in the recovery of overdue accounts. Candidates should be able to analyse balance sheets and make judgments on credit worthiness and have a thorough knowledge of the appropriate sections of the Companies Act concerning recovery of monies and winding-up procedures.

The successful candidate will be an experienced manager, showing an appreciation of commercial opportunities but being of strong character to ensure that the Company risks of trading are acceptably balanced. The job will require an amount of travelling to discuss problems with customers and branch managers and a car will be provided. An attractive employment package is available.

Application forms are available from:

Mr D L Raper
Company Personnel & Administration Manager
British Steel Services Centres Ltd
96 Stourbridge Road, Lye, Stourbridge
West Midlands, DY9 7DD
Tel: Lye (0384) 424151

Investment Management

Canadian Imperial Bank of Commerce is one of the worlds leading International Financial Institutions with a substantial base in Canada and a significant presence in *the major financial markets worldwide. We are currently seeking ambitious* and energetic professionals to join our expanding team in London managing Institutional Funds.

2 *INVESTMENT MANAGERS to manage international portfolios and help develop* CIBC's considerable investment management potential worldwide. The role will include a contribution to overall investment strategy, management of private and trust portfolios and marketing CIBC's international investment services. Experience of international markets is important and geographical specialisation an advantage. *Opportunities exist to make a considerable contribution to business development* which will reflect in career advancement.

ASSISTANT INVESTMENT MANAGER to help in the running of a Portfolio of Pension Funds and Charities - this will include indepth analysis of UK and overseas markets and considerable client contact. Candidates will likely be graduates with 5-7 *years relevant experience in Fund Management* and Stockbroking. *The successful* applicant can expect his/her contribution to development to performance to be directly reflected in career development.

Competitive *salaries* will be *offered together with benefits that include* a non-contributory pension scheme, free life assurance and low cost mortgage facilities.

Please send full career details to John Hardisty, Manager, Human Resources, Canadian Imperial Bank of Commerce, 55 Bishopsgate, London EC2N 3NN.

CIBC Canadian Imperial Bank of Commerce

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c£30,000 p.a.

Managing Director

LONDON

Financial Services – Communications

A graduate or equivalent, aged 30 plus, male or female, with at least eight years experience in Communications. This experience will have been gained in Financial Services, advising and assisting clients in the setting of objectives and then preparing tailor-made solutions, covering audio-visual presentations, speeches, handouts, booklets and circulars. An outstanding career opportunity, to set up and run a new subsidiary for one of the UK's leading and fastest growing firms of Consulting Actuaries. Fringe benefits include non-contributory pension, company car, medical/life cover, relocation expenses and profit share potential.

Suitably qualified candidates please phone 01-600 4708 for an application form quoting GF705 (24 hour service).

GREYFRIARS EXECUTIVE RECRUITMENT

JOHN W G FORBES MANAGING DIRECTOR 104 NEWGATE STREET, LONDON EC1

Japan Specialists

We act for one of the world's leading stockbroking houses which is currently continuing to expand its Japanese market operations on a world-wide basis. Their requirements embrace both equity research and sales. If you have at least one year's experience either in the analysis of these stocks or in marketing/sales, we would like to hear from you.

The opportunities offered are very substantial for those whose drive and ability will allow them to prosper in a demanding atmosphere. The right candidate will command an extremely attractive salary package.

For a confidential discussion of these positions, please contact **Simon Harrison** on **01-481 3188 or 01-998 3328 (evenings).**

CHARTERHOUSE APPOINTMENTS

EUROPE HOUSE · WORLD TRADE CENTRE · LONDON E1 9AA · 01-481 3188

IN 1987 PUT YOUR CITY OR PROFESSIONAL EXPERIENCE TO MORE CREATIVE AND PROFITABLE USE

The Institute for International Research is now the largest conference organisation in the world with 10 offices in key financial centres. The London office is seeking 2 more Producers to create their own high-level events. Excellent rewards geared to performance, profit responsibility and very real prospects for advancement both here and overseas. If you are quick witted, well spoken, articulate, aged 25-32 with 3 years or more experience in City matters we should like to meet you.

Please telephone or write to:
The Managing Director
IIR LTD.
44 Conduit Street, London W1R 9FB
Tel: 01-434 1917

DEALER

AN INTERNATIONAL FIRM REQUIRES

a suitable dealer with proven experience and record of spot and forward dealing in foreign exchange, commodities. An ability to bring good results on a day trade basis only is vital. An excellent package deal for the right applicant

Please apply enclosing career details with references to: Box A0443, Financial Times 10 Cannon St, London EC4P 4BY

Fund Manager

Circa £25K + Car

Our client, a diversified industrial and financial services group, has developed, over the past few years, through organic growth and acquisition, a number of unit trusts which currently manage funds of around £20m. These trusts have performed consistently in the top quartile of the market place.

In line with the Group's ambitions to have at least £150m under management within the next three years, there is a need for a further young fund manager, probably in his or her late twenties, who has energy, flair and innovative ability, who understands the 'nuts and bolts' of the investment business and who has an interest in and some experience of marketing unit trusts.

This represents an excellent opportunity to join a small but dynamic and growing unit trust business where there are good prospects for personal development and career progression.

Applicants should send details of their experience and current situation in confidence to:

Madar (UK) Limited, Recruitment Consultants, 2 The Courtyard, Smith Street, London SW3.

UK EQUITY ANALYST

Major Investment Bank

Our client is one of the world's largest and most successful financial organizations and has a major presence within the global equity market.

This position demands an experienced UK Equity Analyst whose prime responsibility will be to create and develop the UK equity research team's analytical capacity. The successful candidate will be expected to oversee and contribute to the writing of in-house research reports as well as commenting on other economic and equity forecasts.

Ideally a graduate in Economics or a related discipline, he/she should be aged around 28-35, highly numerate and have strong writing skills. Apart from familiarity within a specific market sector, experience of fundamental research and technical analysis would be a distinct advantage.

This is an outstanding opportunity to join a team well respected throughout the industry. A competitive salary and benefits package will be negotiated to attract an ambitious and suitably experienced professional.

For further details please contact Kevin Byrne on 01-248-3653 during office hours (076382-728 evenings/weekends) or send a detailed C.V. to the address below. All applications are treated in the strictest confidence.

60, Cheapside, London EC2V 6AX

BBM ASSOCIATES

Telephone: 01-248 3653

CONSULTANTS IN RECRUITMENT

FINANCIAL CONSULTANT REQUIRED

Central London—£ neg.

Fast-growing banking and catering group seeks person with top-flight background for guidance and support through its next stage of development leading to USM quote.

Person will contribute directional expertise and personal knowledge to allow the expansion of existing backing to promote growth in the areas of operation.

The situation may suit a retired person with recent successful executive experience. This is not intended to be full-time or part-time but could become so depending on applicant's ability.

Send full c.v. to:
Box A0438
Financial Times
10 Cannon Street
London EC4P 4BY

BBL

London branch

Seeks experienced **SPOT TRADERS**, including a **SENIOR**, with several years' Dealing Room experience. They will be highly motivated and expected to make a substantial contribution to the Dealing Room results.

An excellent remuneration package including usual banking benefits is offered, commensurate with experience.

Please send detailed curriculum vitae indicating your present and anticipated remuneration, attention Myra C. Heffernan at:

BBL Banque Bruxelles Lambert S.A.
London branch St. Helen's : 1 Undershaft : London EC3P 3EY.

DEALER - INVESTMENT DEPARTMENT

The Save & Prosper Group are firmly established as one of the leading Financial Services Groups in the UK with over £4.2bn under management. Our continuing success has created the need for an experienced person to join our all important dealing section within our investment department.

As a member of this team you will be responsible for liaising with stockmarket dealers, executions of transactions in all the world's stockmarkets and supporting the investment managers. Our dealers are expected to exercise their discretion in the execution of transactions where this is appropriate.

This is a senior position and the successful candidate will have had suitable experience of either working in the dealing department of a stockbroker or a similar position with another investment institution.

If you are interested in this position please write in the first instance to Mr. K. Nicholson, Personnel Department, Save & Prosper Group Ltd., Hexagon House, 28 Western Road, Romford, RM1 3LB. Tel: (0708) 66966.

CITY
COMPETITIVE
SALARY + BENEFITS

SAVE & PROSPER
THE INVESTMENT HOUSE

Barclayshare

Excellent Opportunities

Barclayshare is poised to take advantage of opportunities provided by its wide contacts within the investing public through the branches of Barclays Bank to develop its stockbroking capacity in the light of recent expansion in direct share ownership.

They are seeking to recruit for two senior positions within their Watford-based offices, within easy reach of London.

★ **Investment Information/Advice Manager**
The successful applicant, with experience in either private clients' portfolios or financial journalism and a good knowledge of the UK equity market, will head up a small team providing investment advice to both customers of Barclayshare and other areas of the bank, drawing upon the research resources of Barclays de Zoete Wedd.

★ **Personal Equity Plan (PEP) Fund Manager**
Reporting to the Head of Investment, applicants will have had a minimum of 3 years' fund management experience and a thorough knowledge of UK equities. Managing Barclayshare's portfolios within the PEP scheme, he/she will take responsibility for day-to-day investment decisions.

A competitive salary package is offered, together with a modern working environment and excellent banking benefits.

For further information on these challenging opportunities, please contact **Charles Ritchie** or **Nick Root** on 01-404 5751, or write enclosing a comprehensive CV to Michael Page City, 39-41 Parker Street, London WC2B 5LH.

MP
Michael Page City
International Recruitment Consultants - London Brussels New York Paris Sydney
A member of Addison Consultancy Group PLC

Insecurities?

Institutional sales **£30,000 – £125,000 basic**

Confidence in your own position and the direction of your firm is vital in 1987 – a critical year for the securities market in general, and equities in particular.

We work closely with the institutional departments *of many of the City's most important securities houses* (both UK and international) which means we are ideally placed to offer informed advice on a broad range of opportunities.

Demand for those with a successful track record in institutional equity sales is presently strong at all levels of seniority. Experienced analysts wishing to switch to sales would also be of interest.

If you wish to *discuss a significant* career move or would simply *like to be kept informed of market developments, please contact* Anna Robson or Nick Root at the Securities and Investment Division, 39-41 Parker Street, London WC2B 5LH, or telephone 01-404 5751. Strictest confidentiality assured.

Only those with relevant stockbroking experience should apply.

MP
Michael Page City
International Recruitment Consultants - London Brussels New York Paris Sydney
A member of Addison Consultancy Group PLC

Jonathan Wren

OPERATIONS MANAGER

SOUTH LONDON

Neg c£30,000 plus banking benefits

Our client, the asset management associate of a leading UK merchant bank, is seeking a manager to take day-to-day responsibility for its securities processing department. The department processes UK and international equities, and fixed interest products including eurobonds, futures and options contracts, and new issues. The successful applicant will also be responsible for the implementation of new computer systems by users.

Applicants must be aged 32-45 years, with at least 7-10 years' relevant securities processing experience including several at a supervisory level, and possess excellent man-management skills.

In return the bank offers, in addition to a competitive starting salary, a profit sharing scheme, mortgage subsidy, company car plus other benefits. **Contact Brian Gooch or Simon Carter.**

LONDON BRUSSELS HONG KONG SYDNEY

Jonathan Wren
Recruitment Consultants
No.1 New Street, (off Bishopsgate), London EC2M 4TP.
Telephone: 01-623 1266. Fax: 01-626 5258.

HYPOBANK

AMBITIOUS MARKETING OFFICER

This is an excellent career opportunity for a dynamic and self-motivated banker.

Primarily responsible for marketing to UK corporate customers you will also be expected to identify and develop new business opportunities.

You should be a good communicator, able to negotiate effectively at all levels with corporate customers.

Suitable candidates will have a proven track record in marketing as well as experience in credit analysis. A knowledge of German would be an added advantage.

Attractive salary package and fringe benefits.

Please apply in writing to:

Ann Clark
Bayerische Hypotheken und Wechsel Bank AG
Bucklersbury House, 3 Queen Victoria Street
London EC4N 8HA

JAMES CAPEL & CO.

ADMINISTRATOR

FOR PROGRAMME TRADING DEPARTMENT

We now wish to appoint an Administrator with wide experience of U.K. and international settlement procedures. The person appointed to this senior position will administer Programme Trades from initial order to settlement, including preparation of schedules and liaison with the Settlement Office to ensure prompt completion of transactions. He/she must be able to work under pressure and with minimum of supervision.

If you think you may be interested, please write in confidence, with details of your experience to date, to Mr D. Schulten, Personnel Manager, James Capel & Co. at:-

James Capel House,
P.O. Box 551,
6 Bevis Marks,
London, EC3A 7JQ.

OPTIONS/SWAPS

c£30k + Banking Benefits

The UK arm of this prestigious US investment bank holds a dominant position in both the currency swaps market and in the field of interest rate risk management products. To sharpen its edge against competitors it seeks an experienced, high calibre dealer in interest rate and currency options to complement the skills of its professional team. With at least two years' experience, applicants will have established a remarkable record of achievement in this field and can expect rewards that match their ambitions and that reflect the importance and status the bank attaches to this position.

RESEARCH/INVESTMENT ANALYSIS

to £25k Package

A leading UK merchant bank with an enviable City reputation offers a challenging career to an ambitious Economist. Providing detailed research on Gilts/Equities for both the sales team and clients, an articulate, young Economics graduate/post-graduate is sought with an exceptional academic background. Report writing and analytical skills are paramount as is the ability to work within a growth orientated team.

If you are able to meet the above criteria please contact Anthony Isern BA (Oxon) on 01-256 6833 or send full CV in strictest confidence to Reed City, Financial Executive Recruitment Service, 94 Old Broad Street, London EC2M 1JB.

Reed City is acting on behalf of a number of clients spanning the financial services industry and is looking for exceptional proven talent. If you are thinking of making a career move, please contact Reed City at the above address.

REED
city
FINANCIAL EXECUTIVE RECRUITMENT

SALES PERSON

Required for International Communication Company W1. Graduate with good degree from any discipline, keenness to learn about Financial markets, good telephone manner and appearance. 21-25 years, salary negotiable a.a.e.

Phone Isobel 01-387 9913
or write to 360 Euston Road, NW1.

FOREX

APPOINTMENTS

For Forex, Capital Markets and Treasury appointments consult a specialist agency
TERENCE STEPHENSON
Prince Rupert House
9-10 College Hill, London EC4R 1AS
Tel: 01-248 0263

Chief Dealer

An international firm requires a candidate with successful managerial experience of foreign exchange — currency dealing for 5 years in a reputable institution.

The role assumes responsibility for supervising, controlling and guiding dealers and could have a good grasp of all aspects of the money market. A proven record of ability to bring positive results on a day trade basis. An attractive remuneration package with a bright future for the right applicant.

Please reply enclosing career details with references to:
Box A0442, Financial Times, 10 Cannon St, London EC4P 4BY

Mergers and Acquisitions

US Investment Bank £ Substantial

The increasing involvement of US Investment Banks in the British corporate finance market has created a demand for young professionals with good mergers & acquisitions experience.

Our client, the London branch of a US Investment Bank, is at the forefront of this development in the UK and continuing expansion has resulted in an urgent need to recruit a further member for its Mergers & Acquisitions team.

It is envisaged that the successful candidate will be a Chartered Accountant, Lawyer or Business School Graduate, with several years' corporate finance experience gained within a UK Merchant Bank where he or she will probably now be at Assistant Director level or equivalent. The person must also be a self-starter, a business developer and a team player.

This is an outstanding opportunity for a bright, ambitious and experienced specialist in this field to use his or her proven ability in a demanding environment where contribution impacts directly on progress and rewards.

Contact Lindsay Sugden ACA on 01-404 5751 or write to her at Michael Page City, 39-41 Parker Street, London WC2B 5LH. Strictest confidentiality is assured.

MP
Michael Page City
International Recruitment Consultants - London Brussels New York Paris Sydney
A member of Addison Consultancy Group PLC

COMPENSATION & BENEFITS

to £35K plus generous Banking Benefits

Major International Investment Bank

Our client, one of the major European Investment Banks, as part of their continuing expansion, is looking for a Compensation and Benefits specialist. *Previous experience gained in an International environment is essential for this role.*

You will probably be in your late 20's/early 30's with upwards of five years compensation and benefits experience, at least part of which should have been with a Bank or Financial Institution, with an International network of branches and/or subsidiaries.

The job specification is extremely demanding and requires innovative skills of a high order as your primary task will be researching, introducing and continually updating remuneration and benefits packages for key individuals in the extremely competitive field of Investment Banking. You should have well-developed communication skills and the ability to relate to senior line management. Considerable dedication and flexibility is required, as the Bank is currently engaged in rapid worldwide growth and travel at short notice may well be required.

Attention to detail is important, and you should derive satisfaction from seeing a project through from concept to implementation without leaving loose ends to others.

Please forward your c.v. to Tom Kerrigan at Tom Kerrigan Associates Ltd, 2nd Floor, 20 Wormwood Street, Bishopsgate, London EC2M 1RQ or telephone him on 01-588 4303 to discuss the position further.

TOM KERRIGAN
ASSOCIATES LTD
RECRUITMENT CONSULTANTS

AGENTS (part/full time) required to introduce Swiss Banking and Investment facilities to personal contacts, excellent commission. Write in confidence to Box A0448, Financial Times, 10 Cannon Street, London EC4P 4BY.

INVESTMENT ANALYST – UK EQUITIES

£18,000 pa-£25,000 pa + full banking benefits

An outstanding career opportunity in *the newly created Equities department of a major international bank.*

This is an opportunity which will appeal to an ambitious UK Equities Analyst. The bank is a prime international name and the position offers important immediate responsibility as well as the future chance to gain both fund management experience and international Equities exposure.

The bank is already well established in Fixed Income fund management and the newly created Equities function, which already has substantial investments in the UK, is destined to become a significant force in the fund management field. Fairly rapid growth is expected and by the end of the year investment in overseas Equities markets is envisaged.

Your job will be initially to provide support for the Equities Investment Manager by monitoring a broad range of UK investment sectors and stocks in addition to undertaking some primary research and dealing duties. As the function develops, your responsibilities will increase to include the management of a part of the fund and overseas Equities analysis.

You will have already gained at least two years generalist experience in UK Equities and are likely to be a graduate in the age range 24-30. Good interpersonal and communications skills are essential.

The working environment is modern, well equipped and unbureaucratic. The Company offers an attractive compensation and benefits package which includes a generous mortgage subsidy, non contributory pension, free medical insurance and free dining facilities. Salary on commencement will be within the range £18,000-£25,000 pa, dependent on experience.

If you would like to be considered for this position, please write in complete confidence to:
John Sears and Associates, Executive Recruitment Consultants, Cavendish Court, 11/15 Wigmore Street, London W1H 9LB or telephone 01-629 3532.

John Sears and Associates
A MEMBER OF THE SMCL GROUP

PENSION FUND MANAGER

M & G

Salary Negotiable **City based**

The M & G Pension Fund Management team are currently seeking an Institutional Pension Fund Manager.

Assisting the Director your duties will include liaising with trustees and making presentations to potential clients.

Candidates should preferably be educated to graduate level and aged between 25-35 with at least three years' experience in the Investment Management of Pension Funds.

For further information and details of remuneration, please forward career details, in the first instance, to:

LANCASTER ASSOCIATES
3rd Floor, 65 London Wall, London EC2M 5TU
for the attention of SUSAN ALBA
Tel: 01-628 0497 or 01-628 6971

FUJI INTERNATIONAL FINANCE

IF YOU WANT TO BE A FUND MANAGER ...HERE'S YOUR OPPORTUNITY

We are the London based securities subsidiary of The Fuji Bank, Limited, one of the world's largest banks.

Our portfolio management activities are expanding exceedingly rapidly and we are now offering the opportunity for an individual of outstanding potential to join our dynamic and dedicated team of professional Fund Managers.

We are seeking a highly motivated Graduate, with a Mathematics/Science or other relevant degree and at least one year's work experience, who wishes to pursue a progressive career in international fund management.

We offer excellent career prospects, a competitive salary and benefits package but above all a stimulating and demanding work environment. If you are keen, with an aptitude for learning and want to make an early contribution, then write with full career details to:

Kevin Cripps
Associate Director – Personnel
Fuji International Finance Limited
101 Moorgate London EC2M 6TQ.

NEWSPAPER SALES MANAGER

The Financial Times wishes to appoint a Newspaper Sales Manager

This challenging opportunity with Europe's Business Newspaper requires a highly motivated person to work to a programme designed to increase the sales of our publications and to maintain effective relationships with our distributors and representatives in the UK. The position requires a young, articulate person to liaise with and to motivate our circulation sales team and to initiate sales promotion schemes in conjunction with our Promotions Department.

This vacancy, which carries a good salary and benefits normally associated with a major company, would ideally suit someone with a sales or sales promotion background. A company car will be provided.

Applications (male or female), in confidence, to the Circulation Director should be accompanied by full career details and achievements to date.

The Financial Times Limited
Bracken House
10 Cannon Street
London EC4P 4BY

FINANCIAL TIMES
EUROPE'S BUSINESS NEWSPAPER

TAKING STOCK ...

The Post Big Bang London market offers *scope*, challenge, and *prospects for those* with leading qualities. It is a time when *many people are taking stock of their* careers and many of our major clients are *strengthening their positions for the future.*

Private Clients

£12,000 to £50,000

Executives aged 24-40, with a minimum of two years experience of managing U.K. or International private client portfolios, are required to join expanding private client teams, or *develop* regional offices. Marketing skills as well as attached business *would be an advantage.*

Equity Research

£12,000 to £60,000

Analysts aged 23 to 40, with UK or International experience are required to join specialist research teams ... cover a range of sectors ... or become involved in Fund Management.

Whether you are actively looking to move, simply curious about the market, or would like to be kept informed please contact James Younger in confidence. 20, Cousin Lane, London ECAR 37E. Telephone 236-7307.

STEPHENS ASSOCIATES
SEARCH & SELECTION IN SECURITIES & INVESTMENTS

INTERNATIONAL BANKING

CORPORATE MARKETING **£16,000-£25,000**

The recurring demand is for bankers, 25/35, who can already demonstrate successful experience of marketing a range of products to U.K./European companies. Particular knowledge and skills (e.g. fluency in a European language, exposure to specialist industries/regions) are much in demand.

CREDIT ANALYSIS **£14,000-£21,000**

On behalf of several merchant/international banks, we seek young analysts with a good degree followed by sound, pref. formal, credit training and experience. Some appointments represent a positive step towards marketing whereas others will be of appeal to those whose interests lie more in credit management.

ACCOUNTANTS (Qualified/Experienced) **£15,000-£20,000**

Financial Control, Corporate Financing, Tax-based Product Marketing; these are areas in which possibilities occur for young Accountants with a qualification and/or solid relevant experience.

Space precludes detailed specification of the above; moreover the composition of our portfolio changes continuously. To discuss your own requirements whether or not they relate to the foregoing, please telephone Ann Costello or *John Chiverton.*

JOHN CHIVERTON ASSOCIATES LTD.
86, Cannon Street
London E.C.4.
01-623 3861

The London Branch of a Leading U.S. Bank is Seeking a

SENIOR LOAN OFFICER

to join its expanding Lending Division

The ideal candidate will be aged 30-40 and have completed a Bank Credit Training Programme with at least 5 years' experience building a property loan portfolio. Knowledge of other forms of *secured lending will be a distinct advantage.*

Motivation, communication skills, maturity and the ability to work well within a team are essential.

Applicants should write in complete confidence with full career details and salary expectations to: Box A0439, Financial Times, 10 Cannon Street, London EC4P 4BY.

FOREIGN EXCHANGE *DEALER*

Experienced Spot Dealer required in all major currencies for private individual. Minimum 5 years' active trading experience essential Must be able to work shifts West End based. Salary negotiable

Write with CV to:
Box A0392, Financial Times
10 Cannon St, London EC4P 4BY

MANAGER REQUIRED

To set up and manage indoor cricket arenas. Salary negotiable. Excellent prospects for go ahead executive with knowledge of leisure industry.

For full details write to:
Box A0441, Financial Times
10 Cannon St, London EC4P 4BY

SETTLEMENT STAFF REQUIRED

AT ALL LEVELS
BY EXPANDING
PROVINCIAL STOCKBROKER
(YORKSHIRE)

Curriculum vitae to Box A0449, Financial Times
10 Cannon Street, London EC4P 4BY

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£43 per single column centimetre
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For further information call:

Jane Liversidge	Daniel Berry	Emma Cox
01-248 5205	01-248 4782	01-236 3769

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Our team of consultants, all of whom have had managing director level experience, can help you.

Our successful Executive Action Plan helps you find appointments quickly and discreetly, particularly in the unadvertised vacancy area.

Contact us for an exploratory meeting without obligation. If you are currently abroad ask for our Executive Expat Service.

32 Savile Row, London W1. Tel: 01-734 3879 (24 hours)

Connaught

International Appointments

ORGA

Important International Chemical Group seeks qualified individuals for the *expansion of its Patents and Licensing Department:*

PATENT EXPERTS
(worldwide filing & prosecution) (SI 3594 FT.)

LICENCE/CONTRACT EXPERTS
(negotiating & drafting) (SI 3595 FT.)

The ideal candidates, being citizens of the European Community, will have:

- a technical university degree combined with a reasonable understanding of patent law
- *three/four years of practical experience*
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SECTION II – COMPANIES AND MARKETS
FINANCIAL TIMES
Wednesday March 11 1987

Ferruzzi raises stake in Montedison to 37%

BY ALAN FRIEDMAN IN MILAN

FERRUZZI, the Italian agro-industrial group, is paying L320bn ($243m) to boost its shareholding in the Montedison chemicals concern to more than 37 per cent from 27.6 per cent.

The share purchase was described yesterday by an aide to Mr Raul Gardini, the Ferruzzi chairman and majority shareholder, as part of the Ravenna group's effort to reinforce its effective control of the Milan-based Montedison.

The deal brings to around $1.4bn the amount of money Mr Gardini has so far invested in Montedison, Italy's second-biggest private-sector group after Fiat, since last October.

With the effective control of Montedison (albeit by means of a minority), Mr Gardini controls Italy's second and third-largest private groups (Montedison and Ferruzzi). Their combined annual revenues are $17bn.

Mr Gardini structured yesterday's deal so as to obtain control of Montedison ordinary and savings shares with a market value of L503bn while paying only L320bn. This was accomplished by having a Ferruzzi subsidiary (the Silos grain trading business) acquire 50.2 per cent of Pafinvest, a financial holding company owned by Mr Gianni Varasi who, like Mr Gardini, is a Montedison vice-chairman.

Mr Raul Gardini, Ferruzzi chairman: wins control

By taking majority control of Pafinvest, Mr Gardini wins control of the 9.48 per cent of Montedison ordinary shares and 1.2 per cent of savings shares held by Pafinvest.

As a bonus, Ferruzzi also obtains control of another Pafinvest holding – 25 per cent of the shares of Mira Lanza, a detergents and soap powder manufacturer. These shares are worth L33.75bn on the stock market.

Mr Varasi, who has been a Montedison shareholder for the past 18 months, will acquire about L30bn of shares in Agricola, the Ferruzzi group's quoted subsidiary which controls its sugar interests. A seat on the Agricola board will then be offered to Mr Varasi, who will then sell 5 per cent of his main paint-making company, PAF, to Agricola for L15bn. Ferruzzi has also promised to invest L35bn in an unnamed joint business with Mr Varasi.

The Montedision manoeuvre was seen yesterday in Italian financial circles as a major development, not only because Mr Gardini was deemed to have got a bargain, but also because the Ferruzzi chairman is expected to make his presence felt more explicitly inside the Montedison boardroom.

Mr Mario Schimberni, Montedison's chairman, would only say last night that the Ferruzzi share purchase was carried out without his knowledge.

Daimler to strengthen top rung

By Peter Bruce in Bonn

DAIMLER BENZ'S finance chief, Mr Edzard Reuter, may be given new powers by the group's supervisory board today in an effort to strengthen top management.

Mr Herbert Lucy, deputy chairman on the supervisory board, which makes all executive appointments, said yesterday Mr Reuter would take up an additional, new, post as deputy executive chairman.

DPA, the West German newsagency, quoted him as saying the supervisory board chairman, Mr Alfred Herrhausen, would recommend Mr Reuter's promotion at a supervisory board meeting today. Mr Herrhausen is co-chairman of the Deutsche Bank, which has a 28 per cent stake in Daimler Benz.

The management changes have been rumoured ever since Daimler, in a series of quick acquisitions, took over the AEG electricals group, Dornier, the aircraft builder, and the diesel and aero-engine group ITU in 1985 and last year.

Mr Werner Breitschwerdt, the present executive chairman, used to be Daimler's research and development director. An auto specialist, he has suffered from constant public questioning about his qualifications to run what is now the country's biggest and richest company.

Mr Reuter is often said to have been passed over for the chairmanship in 1983 because of his political support for the opposition Social Democrats (SPD). Mr Herrhausen is a close confidant of Chancellor Helmut Kohl.

Should Mr Reuter indeed be made unchallengeably the number two man in the group, speculation about his possible rise to the chairmanship is certain to begin anew as Mr Breitschwerdt's contract expires next year.

Haig Simonian reports on Iran's sale of its 25% stake in Deutsche Babcock

Oil money seeps out of Germany

THE Iranian Government's decision to sell its 25 per cent stake in Deutsche Babcock, one of West Germany's leading heavy engineering firms, throws the spotlight once again on the substantial foreign investments which were built up by some oil producing countries in blue-chip European groups in the heyday of the oil price boom.

Last year, Libya decided to dispose of its sizable stake in Fiat, the Italian car maker, through a major transaction in the international capital markets. Meanwhile, Kuwait is believed to have substantially reduced its 24.9 per cent stake in Hoechst, the West Germany chemicals company.

Other large Middle East holdings in leading West German groups include Kuwait's 14 per cent share in Daimler-Benz and the Iranian national steel company's 25.1 per cent stake in Krupp, the steelmaker.

The reasons for the disposals have been mixed. Profitability has often been a problem. Iran's investment in Deutsche Babcock probably failed to live up to expectations. Net group profits in 1984-85 were just DM 32.1m ($17m) on turnover of DM 5.1bn. Profits were even lower in 1983-84, at DM 28.1m on DM 6.45bn turnover.

Waiting for the benefits of Babcock's restructured product range to feed through into corporate profits may have been too much for the Iranians. The long war with Iraq has placed a drain on their liquidity.

Moreover, Deutsche Babcock's dividend policy has been far from spectacular. The company resumed payments two years ago with a modest DM 3.50 a share dividend after a two year gap.

Analysts recognise the company has recently been putting its house in order.

Like many West German engineering and construction groups, Deutsche Babcock has faced considerable difficulties in some export markets, notably Saudi Arabia. More recently, the company has been hit by the rise of the D-Mark.

The group has responded partly by restructuring its product range. Deutsche Babcock is now a major producer of environmental protection equipment and leads the West German market for air cleaning and rubbish disposal equipment. It is also a big manufacturer of water treatment plants.

Waiting for the benefits of such activities to feed through into corporate profits may, however, have been too much for the Iranians. The long war with Iraq has placed a particular drain on their liquidity.

With a substantial Babcock rights issue due next month, the Iranians probably reckoned it was time to dispose of their stake. Speculation about their intentions has been buoying Deutsche Babcock's share price for some time. The company's equity has been performing remarkably well relative to the market in the past six months, according to analysts.

The company is probably pleased that the uncertainty has now been lifted. "We see the sale as positive," a spokesman said yesterday. Iran was the only major shareholder in the company, whose equity is distributed between some 20,000 mainly West German investors. Placing the 25 per cent Iranian stake should substantially increase liquidity in the shares.

Paramount performance lifts Gulf & Western

BY JAMES BUCHAN IN NEW YORK

GULF & WESTERN, the US services conglomerate, yesterday reported a doubling of net income in the first quarter ended January thanks to a strong performance by its Paramount motion picture operation.

Gulf & Western, which increased its dividend by a third to 30 cents a share for the first quarter, announced an increase in earnings of 103 per cent to $69.3m, or $1.11 a share, from $34.2m, or 55 cents. The rise in earnings far outpaced sales growth of 26 per cent, to $1.1bn.

The company, which has been transformed under Mr Martin Davis, the chairman, from a sprawling industrial conglomerate into a highly successful entertainment, publishing and financial services concern, said that the surge in earnings was attributable to the continued success of last year's string of hit films.

These included Crocodile Dundee, the most successful autumn film ever,

The results, foreshadowed at a meeting with Wall Street analysts last month, had little effect on Gulf & Western's share price, which fell $¼ to $80, still almost double the level of the beginning of 1986.

The company said that earnings from Simon & Schuster, the publishing division, were off because of the addition of seasonal losses on educational publishing in a new subsidiary.

Net income increased in financial services. The company said the growth of its basic business in consumer and commercial financing continued

Pesch offer rebuffed by American Medical

BY OUR FINANCIAL STAFF

AMERICAN MEDICAL International, the US private hospital operator, has again rebuffed the $1.9bn bid approach by Dr Leroy Pesch, a Chicago physician.

In a letter to Dr Pesch released yesterday, AMI said its board believed his revised offer of $22 a share for the company was seriously inadequate, not in the best interests of AMI and its shareholders and thus it should not be pursued.

AMI said that the bid appeared to be "nothing more than a plan for the recapitalisation of American Medical pursuant to which a substantial (we presume controlling) common equity interest would be paid to you for accomplishing a transaction which American Medical could effect by itself if our board deemed it desirable for our shareholders."

● Maxicare Health Plans, the acquisitive US operator of health maintenance organisations (HMOs), suffered a fourth-quarter net loss of $22.1m compared with net profits of $6.9m, or 24 cents a share, a year earlier.

The latest period reflects pre-tax operating losses of about $5.3m at HealthAmerica, an HMO network purchased last summer for about $400m, and HealthCare USA, bought earlier last year for $70m. HMOs arrange for the delivery of health care services to employers and other groups at a fixed price.

Goodwill amortisation expense and net interest expense related to the acquisitions totalled $3.7m in the quarter and $8.5m in the 1986 year.

Reebok pays $180m for Avia footwear group

By Our Financial Staff

REEBOK International, the US athletic footwear and clothing producer 37 per cent owned by Pentland Industries of the UK, is to acquire another US footwear maker. This is the second such deal by the Massachusetts-based company in six months.

The company has agreed to pay $180m, or $16.35 a share, for Avia Group International, an athletic and casual footwear maker based in Portland, Oregon.

The latest deal, which is subject to regulatory and Avia shareholder approval, has led Avia to defer a proposed public offering at between $11 and $14 a share. Reebok said Merrill Lynch Capital Markets, an adviser to Avia, had described its offer as "fair from a financial point of view."

In 1986, Avia boosted net income to $4.32m from $674,000 a year earlier on sales more than trebled at $70.3m, from $21.2m.

Reebok also saw strong growth last year, with pre-tax earnings trebling to $261.16m, on turnover up to $919m from $307m.

Mr Paul Fireman, chairman and chief executive at Reebok, said: "Avia's complementary strengths would position Reebok for further growth in the expanding athletic and casual shoe market."

Avia is to continue to operate autonomously as a wholly owned subsidiary with Mr Dean Croft remaining as president.

De Beers sparkles as sales increase

BY JIM JONES IN JOHANNESBURG

DE BEERS of South Africa produced record revenues and profits from diamonds last year amid the benefits from two diamond price increases, a reduction in inventories and increased sales volumes.

Sales by the Central Selling Organisation (CSO), De Beers' marketing cartel which controls about 80 per cent of the world's rough diamond market, increased to $2.56bn from $1.82bn. A slight improvement in the average value of the rand meant that the CSO's sales expressed in South African currency rose to R5.91bn from R4.03bn.

The cartel increased dollar-denominated rough diamond prices by 7.5 per cent in May and 7 per cent in November. The group's diamond account profit rose to R1.36bn from R1.14bn. Higher investment income, largely from gold mines, and a lower interest bill contributed to a pre-tax profit advance to R1.52bn from R1.19bn.

De Beers has responded to the diamond market's recovery by reducing its diamond stocks to R4.04bn at the end of 1986 from R4.89bn a year earlier. The company says that only R129m of the R850m cut in diamond stocks was due to a real reduction: the remainder resulted from exchange rate movements.

However, the change in the value of inventories does not necessarily match changes in physical stocks as diamonds are valued at different points in De Beers' distribution chain at different times.

The Koffiefontein mine near Kimberley, which was closed four years ago when the diamond market shrank, is meanwhile to be reopened in response to improved demand for rough gems.

Production was resumed in January this year at the Annex Kleinzee diamond-treatment plant in Namaqualand and the No 3 plant at the company's Namibian coastal mine is to resume production at the beginning of 1988.

Last year a judicial commission of inquiry found that De Beers was over-mining the Namibian deposits. De Beers refused to give public evidence to the inquiry and flatly denies the commission's findings.

The group increased its expenditure on prospecting and research to R115m from R109m. Part of this was spent on drilling diamondiferous pipes on the Venetia farm in the northern Transvaal. Venetia is owned by Anglovaal and its associates and is being evaluated for them by De Beers.

Johannesburg mining analysts are sceptical of De Beers' report that Venetia cannot be mined profitably at present.

Net earnings, which include De Beers' share of associates retained profits, rose to 320 cents a share from 288 cents, and the year's dividend has been raised to 80 cents from 55 cents.

Rabobank runs modestly ahead of lost squeeze

By Laura Raun in Amsterdam

RABOBANK, the Dutch co-operative bank, raised 1986 earnings by a modest 2½ per cent to Fl 685m ($328m) from last year's Fl 668m as higher costs put pressure on profits.

Net income rose primarily because of a 6 per cent cut in loan loss reserves to Fl 447m from Fl 510m, allowed for by a healthier domestic loan portfolio. Rabobank, the Netherlands' second-largest in terms of assets, specialises in lending to the agricultural industry.

Total income edged up 3 per cent to Fl 4.34bn last year from Fl 4.2bn after a 10 per cent rise in commission income and a 4 per cent rise in interest income. Narrower interest rate margins squeezed interest income although credit volume expanded by 7 per cent.

Other income fell by 23 per cent as a result of poorer results in dealings with foreign exchange, the investment portfolio and unconsolidated companies.

New loans reached a record high of Fl 9.9bn, of which about 60 per cent went to the agricultural industry.

Expenditure rose 6 per cent to Fl 2.95bn from Fl 2.79bn as an increase in the number of staff pushed up wage costs.

The balance-sheet total grew 6 per cent to Fl 139.7bn from Fl 131.7bn, despite the sharply lower dollar

Hillards rejects £180m Tesco bid

BY NICKI TAIT

AN £180m ($284m) bid battle broke but yesterday between Tesco, one of Britain's largest supermarket chains, and Hillards, the 101-year-old company which has about 40 supermarkets in Yorkshire, northern England.

Hillards, whose chairman Mr Peter Hartley is a grandson of the company's founder, immediately rejected the cash or shares offer from Tesco, saying "it takes no account of future prospects of the company."

Later the company added that it had "absolutely no intention" of seeking a white knight and would shortly be writing to shareholders.

The Tesco bid followed an informal approach to Hillards on Monday night asking for merger talks, and the company added yesterday that it was still looking for discussions with the board with a view to a recommended offer. The acquisition of Hillards, argued Tesco, would complement its existing expansion plans in the region, where it has only 20 stores.

Although Tesco holds a 13.5 per cent market share nationally – compared with Hillards' 1 per cent – the larger chain accounts for only about 3 per cent of sales in the Yorkshire region. In an effort to boost its presence, it has recently added stores in Hull and Blackburn

The offer consists of 13 Tesco shares for every 20 Hillards held and 13 Tesco for every 40 Hillards convertible preference shares. With Tesco up 5p at 475p yesterday, that values each Hillards share at 309p and the entire company at £176.7m.

General Cinema suffers from falling attendances

BY OUR FINANCIAL STAFF

GENERAL CINEMA, the US theatre chain and soft drinks bottling group which recently acquired an 8.5 per cent stake in Cadbury Schweppes of the UK, suffered a 9 per cent fall in first-quarter operating net earnings from $17.7m, or 47 cents a share, to $15.9m, or 43 cents.

The fall was due partly to lower attendance at the company's theatres against last year's Christmas season. In addition, the financing costs associated with its purchase of 3.5m shares of Carter Hawley Hale Stores for $177.9m, and its £89.7m investment in Cadbury Schweppes, reduced profits for the latest quarter.

The profits decline would have been greater without a $2.5m gain on the sale of common shares of Sea-Land, a unit of CSX, the US railway group. Revenues rose marginally from $238.9m to $240.1m.

Mr Richard Smith, General Cinema's chairman, said: "While we are not off to as good a start in fiscal 1987 as we would like, business has picked up in the last few weeks."

The company expected net pricing to be higher and unit volume to improve in the remaining quarters of the fiscal year. It added that operating earnings in its theatre unit would be higher in fiscal 1987 if the important summer season film releases perform well.

In addition, its other key business, General Cinema Beverages, was expected to achieve record operating results for the full year, Mr Smith said.

The company's Superstar video business, which rents video cassettes in supermarkets, continued to operate at an expected loss.

Owens Corning boosted by sale

BY OUR FINANCIAL STAFF

OWENS-CORNING Fiberglas, a leading US producer of glass fibre products, will record a one-time after-tax gain of about $80m, or $1.90 a share, in the first quarter ending March 31 from the "highly favourable" sales of the major components of its aerospace and strategic materials group.

Owens-Corning sold the operations under a restructuring that it initiated last year to help ward off a takeover bid by Wickes, the acquisitive US building materials retailer. Owens-Corning said its restructuring was "nearly complete and six months ahead of schedule."

The company said it had received about $550m for businesses constituting more than 90 per cent of the aerospace and strategic materials group, which it purchased in September 1985 for $418m.

Owens-Corning said it also completed sales of operations that make bath fixtures, ceiling products and automotive insulation and agreed on the sale of foam plants as well as a ceiling products plant in Meridian, Missouri.

The asset sales helped the company last month to pay in full a two-year, $800m bank loan that was to come due in November 1988. About $575m in debt now remains outstanding of the $1.2bn bank debt assumed at the time of the recapitalisation, the company said.

UTA up despite sales downturn

By Paul Betts in Paris

UTA, the French long-distance airline company controlled by the Chargeurs transport and communications group, yesterday reported a 5 per cent increase in net earnings for last year to FFr 810m ($131m) compared with FFr 771m the year before.

However, sales declined 2 per cent to FFr 6.46bn from FFr 6.58bn the year before, reflecting the lower value of the dollar and other currencies and lower fares on certain destinations due to competitive pressures.

The 1986 net earnings, as in the previous year, partly reflected some special pre-tax gains from the sale of three aircraft of FFr 676m.

The company said pre-tax profits from operations totalled FFr 228m last year compared with FFr 480m the year before.

However, depreciation increased sharply to FFr 612m compared with FFr 261m the year before. This reflected FFr 1.39bn of investments by UTA to modernise and reconstitute its airline fleet including the purchase of two Boeing 747-300s.

The company, which specialises in long-haul routes to Africa and the Far East, also announced it was lowering fares to Africa on certain flights by about 65 per cent.

Canadian gold producer lifts income

By Bernard Simon in Toronto

AMERICAN BARRICK RESOURCES, the ambitious Canadian gold producer which last year bought a 5 per cent interest in the international mining group Consolidated Gold Fields, lifted net income to C$15.1m ($11.3m), or 74 cents a share, last year from C$4m, or 21 cents, before extradordinary items in 1985. Revenues rose from C$48.5m to C$89.8m.

Barrick's rapid growth is reflected in the 60 per cent jump in its share of mine production last year to 186,100 ounces. Mr Robert Smith, chief operating officer, said annual output was expected to more than double again to 400,000 ounces when a new mine in north-eastern Ontario came on stream in mid-1988.

Mr Peter Munk, chairman, said last week Barrick had sold a portion of its stake in Consgold to realise capital gains and to apply funds to the development of the recently acquired Goldstrike mine in Nevada. Barrick has liquid assets of around C$140m.

Barrick has bought interests in six gold mines in Ontario, Quebec, Utah, Nevada and Alaska in an effort to attract institutional investors to a diversified North American gold producer.

Noranda to float forest products unit

By Bernard Simon in Toronto

NORANDA, the Canadian resources group, is to take an important step in its restructuring plan by offering shares in its forest products business to the public.

Noranda said that Noranda Forest, at present a wholly-owned subsidiary, would offer an unspecified number of shares in the next three months.

At the same time, Noranda's controlling shareholder, Brascan, the resources, industrial and financial services conglomerate, has used the restructuring of the forest products division to make a long-awaited change in Noranda's top management.

Mr David Kerr, formerly chief operating officer of Hees International, an emergent merchant bank controlled by Brascan, will become president of Noranda.

Noranda's current president, Mr Adam Zimmerman, will become chairman of Noranda Forest and a vice-chairman of the parent company.

Noranda Forest is a holding company the interests of which include a 50 per cent stake in the west coast forest products company MacMillan Bloedel, as well as full control of Fraser, a New Brunswick timber and paper producer, James Maclaren Industries of Quebec and Noranda Forest Sales, the group's marketing arm. Noranda Forest also owns 50 per cent of Northwood Pulp and Paper, based in British Columbia.

These companies operate eight pulp and linerboard mills, four newsprint and groundwood paper mills, three fine paper mills and several wood products plants. Noranda Forest earned C$156m ($119m) last year from sales on a consolidated basis of over C$3bn.

INTL. COMPANIES and FINANCE

Hongkong Bank plans rights issue

BY DAVID DODWELL IN HONG KONG

MR WILLIE PURVES, the Hongkong and Shanghai Banking Corporation's recently-appointed chairman, yesterday revealed that the bank intends to mount a rights issue to raise HK$3.3bn (US$423.1m).

At the same time, he signalled plans for further expansion by acquisition, but insisted the group had nothing currently in its sights. Despite persistent rumours, he said the bank had no specific plans to purchase a bank in Europe.

His comments were made as he reported atributable profits for 1986 of HK$3.06bn, up 12.4 per cent from HK$2.7bn in 1985. Significant gains had come, he said, from investments in Canada, and from profits earned by James Capel, the London stockbroker which has been wholly-owned by Hongkong Bank since April last year. Banking operations in Hong Kong had been buoyant despite fierce competition and tight profit margins, as loan demand improved over the year.

Overall, however, group performance was "uneven," Mr Purves said. The bank has made provisions against possible bad debts by Marine Midland Bank, its US subsidiary, which has loans amounting to US$650m outstanding to the Brazilian Government.

Bank profits in the Middle East remained depressed, while provisions have been made against possible bad debts in Singapore and Malaysia, where business was depressed throughout 1986. Mr Purves did not reveal total provisions. While noting that they were larger than he would like, he insisted they were lower than 1985, when special provisions had to be made for bad debts in the shipping sector.

The group's profits were at the top end of expectations, but the rights issue was expected to be poorly received by market operators in Hong Kong. Rumours that a rights issue was imminent stripped almost 90 points from the Hang Seng index, which closed yesterday at 2,731.05 down 89.33 points on the day and more than 200 points below a record high achieved a week ago. A further steep fall is predicted when trading begins on the stock market in Hong Kong today.

Shareholders are being asked to subscribe to the issue of one new share for eight already held, at a price of HK$7 a share. This compares with a weekend close of HK$10.70 a share. A one-for-eight bonus issue will accompany the rights issue.

Instead of offering a final dividend, Mr Purves revealed that the board is proposing a "special interim dividend" that it hopes will be used by shareholders to subscribe for new shares. The special dividend will be 28 Hong Kong cents, compared with a final dividend of 26 cents in 1985, giving a total for the year of 41 cents per share against 38 cents in 1985.

Apart from the boost to the bank's capital base that will come from the rights issue, Mr Purves announced that HK$2bn has been transferred from inner reserves to the bank's reserve fund. He said these moves are intended "to bring shareholders' funds more into line with the assets of the group," which grew by about 30 per cent last year.

However, the greatest interest focussed on how the bank intended to use this fresh cash injection. It comes on the heels of a HK$2.7bn windfall from the sale of stakes in the South China Morning Post newspaper group and in Cathay Pacific Airways. The bank has also in the recent past raised US$1.2bn by issuing perpetual floating-rate notes.

NZ to sell 30% of Petrocorp

BY DAI HAYWARD IN WELLINGTON

THE NEW ZEALAND Government is to sell 30 per cent of the state-owned Petrocorp, the oil and natural gas exploration development and production corporation.

Some 200m voting shares will be sold to the public at a price yet to be specified, leading to a listing for Petrocorp on the stock exchange. The move is seen as part of the Government's effort to reduce the national deficit.

Petrocorp operations include half of the Maui natural gas fields offshore from the town of New Plymouth. It also runs the Natural Gas Corporation which owns the reticulation network carrying natural gas throughout the North Island.

In addition, the group owns and operates various oil fields including the profitable McKee production field. It has a methanol plant and an ammonia-urea plant which process output from the Maui offshore as well as the Kapuni onshore gas fields.

The 51 per cent government stake in the Kaimiro and McKee oil fields has just been transferred to Petrocorp for NZ$160m (US$90.27m). The purpose of the acquistion was to improve Petrocorp profitability. Mr Bob Tizard, the Energy Minister, said the purchase also consolidated Petrocorp's position as a crude oil supplier.

The successful McKee field will help make Petrocorp a more attractive proposition for shareholders, Mr Bill Falconer, chief executive, said with the new additions the company would be very profitable next year.

The share issue will significantly increase the company's capital from the present NZ$450m. In its last financial year to March 1986, Petrocorp made profits of NZ$8.8m on turnover of NZ$527m. The sale is expected to be finalised before the country's general election in September.

Overseas side boosts Burns Philp

By Bruce Jacques in Sydney

BURNS PHILP, the diversified Australian food, shipping and hardware group, has extended its three-year recovery with a strong December half profit performance, but about 70 per cent of its earnings came from overseas operations.

The company lifted after-tax profit by 38 per cent to A$27.7m (US$18.8m) on a modest 4 per cent rise in turnover to A$669.6m. The interim dividend has been held at 10 cents a share and will be paid on shares issued in a one-for-five offer last year.

Food operations accounted for more than half of earnings with a A$14.9m contribution, more than double the previous year. Both hardware and shipping operations had lower profits, but earnings from Pacific Island trading doubled to just over A$3m.

Mr Andrew Turnbull, the chief executive, acknowledged that Australian operations had been flat and all of the profit increase had come from overseas, particularly Fleischmann's, the US food group, which was acquired recently for A$130m.

Sharper teeth for share watchdog

BY CHRIS SHERWELL IN SYDNEY

CHANGES are in prospect in the responsibilities and financing of the National Companies and Securities Commission (NCSC), Australia's share market watchdog, following a meeting of its ministerial council last week.

The shift reflects an assessment that deregulation of financial markets has made surveillance more difficult, and coincides with recent suggestions that the NCSC lacks the resources and authority to do an adequate job.

According to Mr Terry Sheahan, chairman of the NCSC's ministerial council, the NCSC has been asked to prepare detailed options for raising additional funds and to spell out how it would spend the extra funds.

At its meeting the council is said to have acknowledged the need for an increase and agreed in principle that this should be done through a self-funding scheme—in effect, levying further charges for its services.

Mr Sheahan was also quoted as saying that the so-called "co-operative" scheme between the NCSC and the Corporate Affairs Commissions of the various states was a "horse and buggy institution" trying to control a rapidly changing industry.

The NCSC has meanwhile indicated that it intends to act on the reinforced powers it secured during the recent case involving trading in the shares of Humes, a Melbourne building products company.

In the case, the Victoria Supreme Court backed the NCSC over a private inquiry it conducted into a major purchase of Humes shares which it found suspicious and declared "unacceptable."

Downturn for Sanyo Electric

By Yoko Shibata in Tokyo

SANYO ELECTRIC of Japan has reported consolidated net profits for the year to November down 94.2 cent to Y2.1bn ($13.7m), a performance which it blamed on lower export earnings by the parent and deficits at its three US subsidiaries.

For the current year, earnings of the US units are expected to recover

Group net profits are projected at Y14bn on turnover of Y1,350bn, up 14.3 per cent from the latest Y1,181bn. The higher sales will stem largely from the full absorption of Tokyo Sanyo Electric, previously an affiliate. The total will still not reach, though, the £1,500bn for 1985.

In the past year, domestic sales moved ahead by 4 per cent to Y537.6bn while those overseas plunged 34 per cent to Y643.4bn, affected by sluggish exports of video cassette recorders and television sets.

Singapore bank lifts profits by 49%

By Steven Butler, Singapore Correspondent

THE Development Bank of Singapore (DBS) group moved sharply ahead last year, lifting net earnings by 49 per cent to S$135.97m (US$63.42m).

Much of the increase was accounted for by a special dividend of S$20.4m from the National Discount Company before it became a wholly-owned subsidiary of DBS. National Discount has been appointed a primary dealer in Singapore's new government bond market, which is expected to begin operation shortly.

Excluding the special dividend, group after-tax profits increased by 28.4 per cent.

Plantation and property setback hits Genting

BY WONG SULONG IN KUALA LUMPUR

PRE-TAX PROFITS of Genting, the Malaysian casino, plantation and property group, fell by 7 per cent to 172m ringgit (US$ 68.8m) last year, on turnover down 6 per cent to 411m ringgit.

The decline was largely due to a sharp drop in earnings from the plantation and property divisions. The gaming operations remain buoyant. Net profits were 8.6 per cent lower at 91m ringgit.

Instead of a final dividend, Genting has announced plans to hive off its Genting International subsidiary, which it intends to have listed on the Hong Kong Stock Exchange.

The unit will issue 230m shares of 10 Australian cents each to Genting shareholders after which it will make an issue of 20m new shares to Hong Kong residents.

Genting said that, after the listing exercise, it would hold only 13.8 per cent of Genting International, whose results would no longer form part of the group's consolidated accounts.

The exercise would result in the Lim family, Genting's biggest shareholder, having direct control of Genting International, with a 35 per cent stake.

Last year, Genting International had after-tax profits of A$18.5m (US$12.57m).

HIGHVELD

STEEL AND VANADIUM CORPORATION LIMITED

(Incorporated in the Republic of South Africa)

Record performances for 1986

From the review by the Chairman Mr. L. Boyd

It is pleasing to report that during the year under review the group's financial results were the best ever, with record performances in all areas. Earnings per share increased to 85 cents compared with 58 cents in 1985. The attributable profit was R60 144 000 after providing for net financing charges of R35 411 000, depreciation of R34 918 000 and deferred taxation of R33 000 000.

The group's deferred tax provision has increased to R135.2 million, and this should ensure that the tax charge in later years does not absorb a disproportionate amount of income earned in those years.

The income statement for 1986 reflects an extraordinary item arising from the conversion of Transalloys to a wholly-owned subsidiary.

During 1986 the group issued R80 000 000 redeemable preference shares in Highveld and R65 000 000 in Rheem South Africa (Proprietary) Limited, with a corresponding reduction in the offshore loans raised during 1985.

Group turnover of R816 337 000 was also at a record level, and although margins showed an improvement over 1985, the inflationary trend with regard to the major operating cost elements continues to be a cause for concern.

In view of the results achieved, a final dividend of 20 cents per share has been declared. The total dividend is 30 cents per share compared with 24 cents per share in 1985.

STEEL

Apparent total world steel consumption in 1986 was 721 million tons, and although the International Iron and Steel Institute forecasts a similar level for 1987, it is worth noting that an increase in the apparent steel consumption in developing and communist bloc countries will be offset by a corresponding decrease in the Western industrialised countries. This trend is expected to continue for the foreseeable future.

In South Africa, the high level of activity in the mining sector helped to maintain the demand for steel in the first 10 months of 1986. There was the usual seasonal decline in domestic demand in the final months of the year, but overall South African steel consumption showed an increase over 1985.

In the first quarter of 1986 Highveld increased the domestic prices of structural sections and flat products by about 9.5 per cent, and again by 12 per cent in August. This was necessary in order to restore profit margins which have been under constant pressure from increases in power, railage and raw materials.

During the year, legislation was introduced in several countries prohibiting the importation of certain South African products, including all steel products. The measures became operative in the European Economic Community on September 27 1986 and, in the United States, legislation passed on October 2 1986 became effective on December 31 1986. Clearly, the loss of these important markets presents a challenge to management to place the steel in other areas.

VANADIUM

The supply/demand position for vanadium was favourable for producers in the early months of 1986 but in the second half of the year there was some slackening of demand. Lower steel production in industrialised countries and the fall in demand for steel products for the oil industry were the main causes of the reduced usage.

China's future role in the world vanadium market is still an unknown factor in the total supply/demand situation, but overall world vanadium consumption during 1987 is expected to be similar to the 1986 level.

World vanadium production capacity is still believed to be adequate to cater for any foreseeable demand and, when new projects are being studied, the inevitable impact on price of an oversupply position should be considered carefully.

FERRO-ALLOYS

Overseas markets for ferrosilicon improved steadily during the first half of the year and sales during this period were satisfactory in terms of both volume and price. During the second half of the year, despite prices declining in sympathy with the general downturn of steel production in the major producing countries, sales volumes were reasonable.

Demand in the overseas markets for silicomanganese remained firm throughout the year. Prices increased during the first half of the year as the United States dollar depreciated against most major currencies but tended to weaken towards the year end.

Both Rand Carbide and Transalloys continued to make significant contributions to the group performance.

RHEEM

Overall, Rheem showed improved results over the previous year and is well positioned to meet the challenges of 1987.

MANPOWER

The group's personnel strength averaged 7 430 compared with 7 133 in 1985. Labour turnover remained low at 10.3 per cent per annum.

The annual negotiations of the group's house agreement were again prolonged, but agreement for 1986/87 was eventually reached with all the unions associated with Highveld, and this has brought a further reduction in the 'wage gap' as measured by the ratio of the highest hourly paid rate to the lowest hourly paid rate. The ratio is now 2,6:1 compared with 2,7:1 last year and 5:1 in 1971. It is encouraging to note that the emergent unions in the metal industries are beginning to acknowledge the advantages and benefits of centralised bargaining.

For the period under review the corporation continued to train apprentices at the same rate as in 1985. The total number of apprentices remained at 300, of whom 53 were black. The Artisan Training and Recognition Agreement for the Metal and Engineering Industries (ATRAMI) continues to be an important avenue towards the training of artisans. At present, 60 employees are undergoing training, 48 of whom are black. To date, 47 black artisans have been trained by the corporation and the group currently employs 44 black artisans.

The removal of influx control is welcomed, and the whole question of urbanisation has now become an important aspect for the authorities and the private sector to address to ensure that the urbanisation process develops in an acceptable manner. It is unfortunate, however, that the Group Areas Act remains intact, as this will prevent the normalisation of society. It would be better to allow economic factors to determine housing issues and social associations, as the current regulations lead to unnecessary duplication of infrastructure and higher capital costs.

The corporation's intention is that affirmative action towards job enhancement and career development will receive increasing attention in the coming years. This is essential to ensure greater black participation in the free enterprise system and to reduce the shortage of professional and managerial skills in South Africa.

OUTLOOK

Forecasting in the present situation is extremely difficult because it is clear that major changes in the socio-political field are required before overseas pressures are removed. It is therefore essential that the Government expedite the reform process and it is hoped that the white electorate will give this clear message at the forthcoming general election.

It has been disappointing to note the number of the country's black leaders who have advocated sanctions and disinvestment. There is no doubt that this support had a major impact on the international campaign. These actions are shortsighted and extremely harmful to all South Africans and to the economy in both the immediate and long term. Firstly they cause unemployment and hardship among the black people whom they are intended to help. Secondly, markets lost through sanctions will be difficult to recover when, in the longer term, the situation is normalised. Thirdly, there is no evidence to suggest that foreign companies which have been forced to disinvest will return to South Africa. Their contribution may, therefore, be lost forever. Finally, it would appear that these actions have caused the South African Government to retard the reform process, and the measures advocated are thus failing in their objective of bringing apartheid to an end. It is essential that these black leaders recognise this failure and reverse their positions on this important issue.

In the group's export markets it is expected that sales of vanadium and ferro-alloys will be satisfactory but, as mentioned earlier, new areas need to be developed for some of the steel products. Most economists are forecasting a growth rate of 3 per cent for the South African economy in 1987 and domestic sales should show a further increase over 1986. It is expected that the appreciation of the rand will be offset to some extent by increasing US dollar prices for the group's exports as the year progresses. Group earnings for 1987 will be at a satisfactory level, but are expected to be lower than the record results of 1986.

GENERAL

I would like to thank the managing director John Hall, the management and all employees for their efforts during what has been an excellent year and I am sure they will rise to the challenges that face them in 1987.

London Office: 40 Holborn Viaduct, EC1P 1AJ

KOREA FIRST BANK

(Incorporated with limited liability in the Republic of Korea)

U.S.$50,000,000

Floating Rate Notes Due 1996

In accordance with the provisions of the Floating Rate Note, notice is hereby given as follows:

Interest Period : March 11, 1987 to September 11, 1987 (184 days)

Rate of Interest : 6¾% per annum

Coupon Amount : US$3,450 per denomination (US$100,000.00)

Agent

LTCB Asia Limited

ECU 125,000,000

Floating Rate Depositary Receipts due 1992

Issued by The Law Debenture Trust Corporation p.l.c. evidencing entitlement to payment of principal and interest on deposits with

BANCO DI ROMA

London Branch

Notice is hereby given pursuant to the Conditions of the Receipts that for the six months from 6th February, 1987 to 6th August, 1987 the Receipts will carry an interest rate of 7½% per annum.

On 6th August, 1987 interest of ECU 37.71 will be due per ECU 1,000 Receipt, ECU 377.08 due per ECU 10,000 and ECU 3,770.83 due per ECU 100,000 Receipt.

Mitsubishi Finance International Limited
Reference Agent

11th March, 1987

GRANVILLE

SPONSORED SECURITIES

High	Low	Company	Price	Change	Gross div.(p)	Yield %	P/E
161	118	Ass. Brit. Ind. Ordinary	160	—	7.3	4.6	9.8
183	121	Ass. Brit. Ind. CULS	[illegible]	—	10.0	6.1	—
40	28	Armitage and Rhodes	36	—	4.2	12.0	4.9
80	64	BBB Design Group (USM)	75	—	1.4	1.9	17.9
221	166	Bardon Hill Group	221	—	4.6	2.1	25.1
104	55	Bray Technologies	104	+ 1	4.3	4.1	12.3
138	76	CCL Group Ordinary	132	—	2.9	2.2	9.4
107	86	CCL Group 11pc Conv. Pf.	99	—	15.7	15.9	—
271	116	Carborundum Ordinary	266	—	9.1	3.4	12.9
93	90	Carborundum 7.5pc Pf.	93	—	10.7	11.6	—
125	75	George Blair	88	+ 1	3.8	4.3	2.3
114	67	Ind. Precision Castings	114	—	6.7	5.9	10.2
176	121	Isis Group	121	—	18.3	—	—
124	101	Jackson Group	119	—	6.1	5.1	8.1
377	290	James Burrough	368	—	17.0	4.6	10.3
100	89	James Burrough 9pc Pf.	89	+ 1	12.9	14.5	—
1035	342	Multihouse NV (AmstSE)	755	+15	—	—	39.6
380	260	Record Ridgway Ordinary	356	—	—	—	6.3
100	83	Record Ridgway 10pc Pf.	83	—	14.1	17.0	—
91	67	Robert Jenkins	90	—	—	—	4.0
64	30	Scruttons	64	+ 1	—	—	—
150	67	Torday and Carlisle	149	+ 1	5.7	3.8	9.0
340	321	Trevian Holdings	324	—	7.9	2.4	6.7
90	42	Unilock Holdings (SE)	90	—	2.8	3.1	18.6
129	65	Walter Alexander	129	+ 1	5.0	3.8	12.3
200	190	W. S. Yeates	193	—	17.4	9.0	19.3
98	67	West Yorks. Ind. Hosp. (USM)	99	—	5.6	5.7	14.1

Granville & Company Limited
8 Lovat Lane, London EC3R 8BP
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Member of FIMBRA

Granville Davies Coleman Limited
27 Lovat Lane, London EC3R 8DT
Telephone 01-621 1212
Member of the Stock Exchange

This advertisement does not constitute an invitation to any person to subscribe for or purchase shares. Application has been made to the Council of The Stock Exchange for the whole of the issued ordinary share capital of Huntingdon International Holdings plc and for the American Depositary Shares, representing 8,040,676 ordinary shares of 5p each, of the Company to be admitted to the Official List.

HUNTINGDON INTERNATIONAL HOLDINGS plc

(Incorporated in England; registered No. 502370)

Introduction to The Stock Exchange by

SCHRODERS

Share capital

Authorised		Issued and fully paid
£1,500,000	in ordinary shares of 5p each	£402,504.50

Particulars relating to the Company are contained in new issue cards circulated by Extel Statistical Services Limited and copies of these cards may be obtained during normal business hours, up to and including 25th March, 1987, from:—

J. Henry Schroder Wagg & Co. Limited, 120 Cheapside, London EC2V 6DS.

Huntingdon International Holdings plc, Woolley Road, Alconbury, Huntingdon, Cambridgeshire PE18 6ES.

Kleinwort Grieveson and Co, 20 Fenchurch Street, London EC3P 3DB.

and, during normal business hours on 12th and 13th March, from:—

The Company Announcements Office, The Stock Exchange, Throgmorton Street, London EC2P 2BT.

11th March, 1987

The Bear Stearns Companies Inc

(A corporation organised under the laws of the State of Delaware, USA)

US$ 200,000,000 Floating Rate Notes Due 1994

For the three month period 10th March 1987 to 10th June 1987 the Notes will carry an Interest Rate of 6 9/16% per annum with an Interest Amount of US$167.71 per US$ 10,000 Note payable on 10th June 1987

Bankers Trust Company, London — Agent Bank

American Savings and Loan Association

U.S. $200,000,000

Collateralized Floating Rate Notes Due 1996

Notice is hereby given that the Rate of Interest has been fixed at 6·65% p.a. and that the interest payable on the relevant Interest Payment Date, September 11, 1987 against Coupon No. 2 in respect of U.S.$100,000 nominal of the Notes will be U.S.$3,398·89 and in respect of U.S.$250,000 nominal of the Notes will be U.S.$8,497·22.

March 11, 1987, London
By: Citibank, N.A. (CSSI Dept.), Agent Bank

CITIBANK

US stock index battle hots up

BY DAVID OWEN IN CHICAGO

AS THE effects on stock market volatility of grouped expiry dates for stock index futures and options continue to be scrutinised by the regulators, the battle for market share in the stock index futures sector is beginning to heat up again.

Until recently, it was a battle which the Chicago Mercantile Exchange, with its Standard and Poor's 500 index, appeared virtually to have won. An S and P 100 contract, which traded a staggering 113.2m lots in 1986, has put the Chicago Board Options Exchange in a similarly strong position in stock index options.

Although the CME's S and P 500 volume is no match for the nearby options exchange at 19.5m lots in 1986 (a healthy 29.6 per cent increase from a year earlier) it has nearly 75 per cent of the domestic stock index futures market.

The CBOE's relaunched S&P 500 option—the fastest growing US exchange-traded product last year — looks like consolidating the Chicago exchange's pre-eminence, despite the continued good health of the American Stock Exchange's Major Market Index option, based on a selection of shares that closely matches the performance of the Dow Jones industrial average.

In stock index futures, while the major market index (Maxi), traded at the rival Chicago Board of Trade, has by contrast, been setting a string of new volume records, open interest on the CME's still dominant contract has recently fallen off (see chart).

Two further stock index products, launched like the S&P 500 index itself in the first half of 1982, continue to plug away in Kansas City and New York respectively, showing scant sign of fading into oblivion.

Volume on the Kansas City Board of Trade's Value Line average index fell 12 per cent in 1986 to 1.7m lots. However, that at the New York Futures Exchange's NYSE Composite Index future rose 10 per cent to 3.1m. Moreover, NYFE feels confident enough about its immediate prospects in the sector to be planning a string of three new contracts, based on the Frank Russell group of indices for launch later in the year.

The CBOT, too, has a new product in the works in the form of a futures contract based on the Institutional Index — a capitalisation-weighted, 75-stock index developed by the American Stock Exchange.

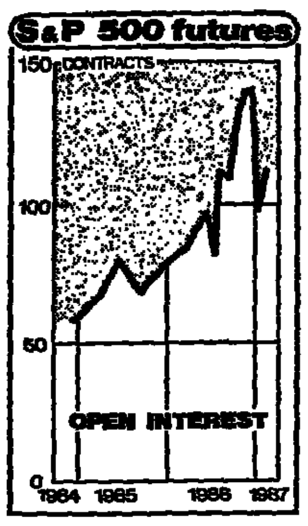
The fact that the gravitation of business towards the CME has failed to snuff out any of these three rivals is in itself unusual in the highly competitive futures industry.

This cut-throat competitiveness was very much in evidence five years ago when the initial rush into stock index futures began. Within three months of the introduction of the KCBT's value line average index on February 24, both the NYFE and the CME had already entered the fray.

By June 1985, as many as 20 new derivative stock index products were awaiting regulatory approval. However, the failure of various attempts to launch so-called "subindices," based on specific industry stock groups, has since tended to slow the rush of new applications.

The late 1985 fiasco, when the two powerful Chicago rivals simultaneously launched over-the-counter stock index futures in a $4m blaze of publicity—only for both contracts to flop horribly—has had a similar effect.

Indeed, the current success of the Maxi, on which 1986 volume more than quadrupled to 1.7m lots, must be gratifying to CBOT officials, who have presided over a somewhat chequered career for the exchange in the stock index area.



In 1982, three years before the embarrassment of the failed over-the-counter index, the exchange's attempts to join in with the first spat of stock index launches had also ended in failure when permission to trade an index future closely matching the Dow Jones Industrial Average was blocked in the courts.

But can the CBOT or even NYFE's soon-to-be-expanded stock index futures sector pose a serious challenge to the CME and its previously all-conquering S&P 500 future? History certainly suggests that once a product has established dominance in a certain futures sector, it is very hard for its rivals to fight back.

According to Mr Leo Melamed, special counsel to the CME, the decline in S&P 500 open interest represents nothing more than the normal ups and downs of the market. "I don't think there is a significant change to be concerned with."

However, at least two factors appear to be in play which may be combining to sap the CME's stock index market.

First, complaints about the quality of order filling in the CME's crowded pit have been gathering momentum in recent weeks — complaints which Mr Melamed admits are at least partly justified. On January 23, a particularly volatile day "some people did business on the CBOE out of frustration," according to Mr Jack Lehman, a senior executive at Shearson Lehman in New York.

An exchange committee is considering various proposals for improving the situation. In the meantime, fears persist that if standards do not improve, some business may be lost permanently to more efficient markets.

In addition, a trickle of independent S&P 500 traders has started to wend its way across Chicago's Loop in the direction of the CVBOT's fast-growing contract, attracted primarily by the prospect of cheap seat ownership. Whereas CME index options market membership now costs $138,000, a seasoned stock index trader could still pick up an Index, Debt & Energy market seat at the CBOT in early February for little over $20,000.

Fed allows banks to buy stake in broker

BY WILLIAM HALL IN NEW YORK

THE FEDERAL Reserve Board yesterday permitted 14 big commercial banks to acquire shares in Liberty Brokerage, an interdealer broker in US government securities. The move is expected to increase competition.

The Fed has approved the applications of 11 US commercial banks and three foreign banks to buy shares in Liberty. All the big New York money centre banks, the two big Chicago banks, plus BankAmerica and First Interstate on the West coast, are among this group.

In addition, Hongkong and Shanghai Banking Corporation, the majority owner of Marine Midland of New York, Midland Bank from the UK and Australia's Westpac have been approved.

Liberty Brokerage owes its formation to a group of primary dealers who wanted to enter the US government securities brokerage business because of a belief that commission rates charged by existing interdealer brokers were excessive, given the greatly expanded volume of business and the perceived level of risk.

Salomon Brothers, a leading player in the US government securities market, purchased Liberty in September 1985 and six months later offered its shares to then-designated primary dealers.

Some 15 securities firms and more than a dozen commercial banks accepted the offer but Liberty Brokerage's operations have been in a state of flux.

There has been concern about whether the commercial banks would be permitted to participate in a joint venture with leading Wall Street investment banks, and also because the US Justice Department was investigating the antitrust implications of the proposed joint venture.

The commercial banks and Wall Street brokerage firms owning shares in Liberty account for a very large proportion of the daily trading volume in US government Securities.

Dollar bonds for IBJ Finance and Kodak

By Clare Pearson

TRADING WAS lacklustre in the Eurodollar sector yesterday, with the US Treasury market failing to supply any impetus to action. The new issues market was fairly busy, however, as deals emerged in a range of currencies.

IBJ International led two 10-year Eurodollar issues on similar terms for IBJ Finance and Eastman Kodak. Of the two, the market preferred the $200m deal for IBJ Finance. A 10-year maturity seemed likely to be unpopular with European investors, traditionally the main buyers of Eastman Kodak paper. Both issues bear 7¾ per cent coupons and 101¼ issue prices. IBJ's bond was quoted at 99⅝ bid, and Eastman Kodak's $135m issue at 99½ bid.

Prices in the Euroyen market fell by about ⅛ percentage point as professionals took profits.

Yamaichi International (Europe) led a Y20bn seven-year 4¾ per cent bond for Kawasaki Steel. The issue, priced at 101½, traded at 99½, slightly outside total fees.

Daiwa Europe launched a Y19bn five-year zero coupon bond for Societe Generale. It was priced at 81.264 to give a yield of 4.237.

Elsewhere, Swiss Bank Corporation International launched a A$50m deal for Rabobank Nederland. The three-year issue, with a 15¼ per cent coupon, will be listed in Amsterdam. It looked likely to appeal to European retail investors, even though they have recently been heavily supplied with Australian dollar paper. The deal was priced at 101½.

Eurosterling bonds recovered most of Monday's falls as the gilts market strengthened. Late in the day, Hambros Bank led a £50m seven-year issue for Norsk Hydro. It was priced with a 9¾ per cent coupon and 101⅛ issue price to give a yield net of fees of 9.93 per cent.

Two deals surfaced in the Canadian dollar market. IBJ International led a C$40m 9 per cent issue for IKB Finance, guaranteed by the parent, Industriekreditbank of West Germany. The seven-year issue was priced at 101¾.

Shearson Lehman Borthers International led a seven-year C$60m 9 per cent issue for American Express Overseas Credit Corporation. This met a firm response and was quoted at 99¾ bid, compared with a 101⅞ issue price.

Price changes were narrowly mixed in extremely quiet trading in the D-Mark market. The third D-Mark issue with currency warrants emerged, led by Trinkaus and Burkhardt.

The DM 100m five-year 5¼ per cent deal for Kredietbank International Finance was priced at 116½. Each DM 5,000 bond carries five A and five B warrants, which buy $500 at an exchange rate of DM 1.859. The A warrants, which are exercisable for one year, traded at 52 bid, and the B warrants, exercisable for five years, at 115 bid.

In Switzerland, prices of straight issues were slightly easier as the market focused on issues linked to equity and to gold.

Swiss Bank Corporation led a SFr 200m five-year convertible issue for Sumitomo Corporation, the trading house. The deal has an indicated ½ per cent coupon. It can be put in 1990 at 103, and then at declining premiums.

Share issue by Australian bank

NATIONAL AUSTRALIA Bank is selling 17m new shares in an international equity offering worth about A$91m, our Euromarkets Staff writes.

The issue, which is being led by Swiss Bank Corporation International, amounts to 4 per cent of the enlarged share capital. It will be priced on or before March 17 at the closing level of the shares on the Melbourne stock exchange. Fees total 4½ per cent.

$150m loan for Jordan

By Rami Khouri in Amman

A SYNDICATE of 20 Arab and international banks, lead managed by the Amman-based Arab Bank, has signed an agreement to lend Jordan $150m over seven years. The dual-currency loan includes a swap provision allowing Jordan to repay in dollars or D-Marks, with the Australia and New Zealand Banking Group acting as currency agent.

The loan has a 3½-year grace period, and carries an interest rate of ⅞ of 1 per cent over Libor for the first 3½ years, and ¾ of 1 per cent thereafter.

BMW bond

AN ERROR in transmission resulted in the annuity bond issue by BMW being reported as worth DM 624m in yesterday's FT. The correct value of the issue is DM 324m ($174m).

French bourse flourishes after years of evolution

BY GEORGE GRAHAM IN PARIS

THE ENDING of the stock exchange monopoly in France will be scarcely more of an upheaval for many Paris stockbrokers than the changes that have already taken place over the last few years.

Though some brokers still fondly recall the days when they used quill pens to record orders, Paris is proud of the "Small Bang" which has already modernised some parts of the French equity and bond markets.

By allowing banks to take equity stakes in stockbrokers, the French Government has now undertaken a large part of the reform package which earned the title of Big Bang for London's stock exchange revolution.

The bourse has already rapidly updated its structures from the old system, where all buy and sell orders were centralised in a single afternoon session. There is now an additional morning session for the most active stocks, and a continuous computerised market in over 50 other equities — as well as the Second Market for smaller companies.

Bond trading has been almost entirely opened up to the banks, which are also partners with the stock exchange in the year-old Paris financial futures market. Last week, too, Mr Xavier Dupont, the stock exchange chairman, announced plans to create a traded options market in June.

The French bourse has had five fat years. Share prices have quadrupled on average during that period, while West German stock market prices trebled and those in London and New York did little more than double.

For the Compagnie des Agents de Change, the official corporation of stockbrokers which has enjoyed the bourse monopoly since the days of Napoleon, the period has been made fatter still by the surge in trading volume (see table).

The regional stock exchanges—principally the Lyon bourse—have not missed out on the boom in trading. Turnover on the provincial exchanges climbed from FFr 825m in 1976 to FFr 55.7bn last year.

France's new love affair with the stock market has reached new heights of passion with the launch of the privatisation programme. In the space of a few months the number of direct shareholders has doubled, with the arrival of the 3.8m people who subscribed to the privatisation of Paribas, the investment bank.

"It is a decisive moment in the evolution of French society. The French population has become reconciled with its economy," said Mr Pierre Moussa, former chairman of Paribas and now head of the Pallas financial group.

Companies, too, are turning increasingly to equity issues for their funding needs. French stock market capitalisation has traditionally been much lower in relation to the size of the economy than in other industrialised countries, but this position is changing.

In 1978, the country's stock market capital amounted to 9 per cent of gross domestic product. By 1985 the figure had risen only to 13 per cent in France, compared with 24 per cent in West Germany, 40 per cent in the US, and 6 per cent in the UK. Last year, according to the French Treasury, France's market capitalisation rose to 25 per cent of GDP.

Equity issues in the early 1980s ran between FFr 20bn and FFr 50bn a year — of which only 15 to 30 per cent would be listed on the stock exchange. Last year, new issues of shares soared to FFr 143.6bn, of which FFr 66.5bn were quoted.

It now remains for the stockbrokers to raise their capital to the levels they need to compete and to bring settlement and back office procedures into line with the size of the market.

PARIS BOURSE TRANSACTIONS
(FFr bn)

Year	Shares	Bonds	Total
1976	26	28.2	34.2
1977	20.9	26.2	47.1
1978	45.2	38.7	83.9
1979	46	48.8	94.8
1980	56.8	63.2	120
1981	64.3	83.8	148.1
1982	62.8	151.3	214.1
1983	99.5	221.8	321.3
1984	94.2	409.7	503.9
1985	166	717.8	883.8
1986	411.2	1,673.6	2,084.8

Irish bank seeks £300m CD facility

BY STEPHEN FIDLER

BANK OF IRELAND, the second-largest commercial bank in the Republic, has mandated Barclays de Zoete Wedd (BZW) to arrange a £300m committed certificate of deposit issuance facility.

The facility, in which CDs will be distributed through a tender panel, is thought to be the largest such facility raised in sterling. It will be fully underwritten for a five-year term by a syndicate of banks to be assembled by BZW.

BZW has already secured a presyndication commitment from four banks to underwrite the credit. The four—Barclays, Canadian Imperial of Commerce, Lloyds and Standard Chartered—will assume lead manager status in the syndication.

The credit will help to fund the Bank of Ireland's recently acquired UK home mortgage subsidiary, BankAmerica Finance, which will shortly be renamed.

FT INTERNATIONAL BOND SERVICE

Listed are the latest international bonds for which there is an adequate secondary market.

Closing prices on March 10

US DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Abbey National 7½ 92	200	98⅝	99⅛	+0⅛	0	7.75
A/S Eksportfinans 7⅝ 93	100	99⅜	99⅞	+0⅛	−0⅛	7.69
Australia Com. 11 95	200	†116⅜	116⅞	+0⅛	−0⅛	8.14
Austria 7¾ 97	200	99	99½	+0⅛	+0⅛	7.86
BP Capital 9¼ 94	200	107⅛	107⅝	+0⅛	−0⅛	7.70
British Telecom 7⅝ 96	250	97⅞	97⅜	+0⅛	−0⅛	7.98
Campbell Soup 10½ 95	100	112⅞	113⅜	+0⅛	−0⅛	8.29
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Am. Expr. OS. Cr. 5⅞ 91	20	103⅞	104⅜	−0½	−0⅛	4.74
Denmark 6⅛ 96	30	107⅛	108⅛	−0½	−0⅛	5.23
Denmark, Kingdom 5⅛ 92	130	101⅛	101⅝	0	−0⅛	4.83
EEC 4⅝ 93	250	99⅛	99⅝	−0⅛	−0⅛	4.85
Sweden, Kingdom 5⅝ 94	50	101⅝	102⅛	−0⅛	−0½	5.22
Sweden, Kingdom 5⅝ 95	20	103½	104	−0½	−0¼	5.07
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

[illegible]

FT LAW REPORTS

Copyright claim struck out

CBS SONGS LTD AND OTHERS v AMSTRAD CONSUMER ELECTRONICS plc

Court of Appeal (Lord Justice Fox, Lord Justice Nicholls, Sir Denys Buckley): February 25 1987

INCITEMENT to infringe copyright is a criminal matter which, in the absence of any duty in tort to the copyright owner, cannot be subject to the equitable remedy of injunction.

The Court of Appeal (Sir Denys Buckley dissenting) so held when allowing an appeal by defendants, Amstrad Consumer Electronics plc and Dixons Limited from Mr Justice Whitford's decision to allow an amendment by the plaintiffs, CBS Songs Limited, EMI Records Limited and Chrysalis Records Limited, to their statement of claim in the action. As no live issue remained the action was struck out.

LORD JUSTICE NICHOLLS said that in 1984 Amstrad introduced to the market three new models of tape-to-tape recording machines. They were advertised on television and in the press in terms likely to encourage home copying of favourite tapes.

British Phonographic Industry Ltd (BPI) was a trade association whose members comprised record companies. BPI wrote to Amstrad and its principal trade outlets, asserting that by its advertisements Amstrad was encouraging the public to break the law.

The upshot was two actions. The first, a declaratory action, was brought by Amstrad against BPI. The relief claimed was a declaration that by advertising and selling the systems Amstrad had not acted unlawfully.

In the second action, which was the present action, the plaintiffs were suing on behalf of themselves and members of the Mechanical Rights Society (MRS) and BPI. It was alleged that Amstrad and Dixons had incited others to infringe copyright. The relief claimed was an injunction restraining the defendants from parting with possession of the models without taking precautions to ensure that copyrights were not infringed.

In the declaratory action Mr Justice Whitford and the Court of Appeal decided that none of the issues raised gave rise to any civil liability on Amstrad's part. However, a further point was raised, that Amstrad's advertising material might be capable of amounting to incitement to commit a crime under section 21(3) of the Copyright Act 1956.

The section provided that: "Any person who . . . when copyright subsists . . . makes . . . a plate, knowing that it is to be used for making infringing copies . . . shall be guilty of an offence . . ."

The suggestion was that a tape-recording was capable of being a "plate."

The Court of Appeal decided that it was neither necessary nor proper to adjudge whether Amstrad had committed the offence of inciting persons to commit the section 21 (3) offence, but refused to make the declaration sought by Amstrad (FT November 5, 1985).

After trial of the declaratory *action the plaintiffs in the present* action issued a summons for leave to amend their statement of claim. The defendants asked that the action be struck out. Mr Justice Whitford refused the latter application and permitted the amendments to be made.

The material amendment was a new paragraph alleging that all or nearly all the persons who used the equipment to make copies of commercially available prerecorded cassette tapes of gramophone discs would *thereby be guilty of an offence* under section 21 (3). The relief sought was unchanged save the injunction would now inhibit the advertising and sale of the machines in such a way as to incite members of the public to commit section 21 (3) offences.

Whether leave to amend should be granted turned on whether the statement of claim, as sought to be amended, would disclose a reasonable cause of action.

Mr Munby, for the plaintiffs, contended that there were circumstances in which a private individual could properly sue for an injunction to restrain breaches of the criminal law.

He submitted there was a distinction between rights or remedies which a statute might confer on persons for whose benefit a statutory obligation or *prohibition*, backed by criminal law sanction had been passed.

He said that (1) as a matter of construction a statute might create a duty towards a class of protected persons breach of which gave a member of that class a cause of action in tort for damages; and (2) a statute passed for the benefit of protected persons which did not create any duty and thus did not give rise to a claim in tort, might nonetheless entitle a member of the class of protected persons to apply for an injunction. In the latter case the claim was a claim in equity to enforce observance of the criminal law.

Mr Munby accepted that the present case did not fall within category (1), but he submitted that it fell within category (2).

There was no such category as category (2). The authorities on which Mr Munby relied did *not establish his proposition.* Furthermore, the proposition was contrary to established principle.

In considering whether a plaintiff had a right to obtain an injunction in this area of the law it was necessary to identify what was the legal or equitable right violation of which the plaintiff was seeking *to prevent. The proposition* under consideration identified that right as a claim in equity to enforce the observance of criminal law.

But, apart from express statutory provision, persons other than the Attorney-General had no standing to seek to enforce through a civil court, the observance of criminal law as such. Their remedy was to bring a private prosecution. A court of equity had no criminal jurisdiction.

If the criminal activity would infringe a property right of the plaintiff, he had standing to enlist the civil court's aid in preventing that infringement. But in assisting such a plaintiff the court was not compelling the observance of the criminal law as such: it was giving effect to a cause of action at law or equity, possessed by the plaintiff as owner of the property right.

Whether the plaintiffs had any cause of action in respect of Amstrad's and Dixon's alleged incitement of others to infringe the plaintiffs' copyrights was not argued before the court. *The only question* argued on the incitement issue was whether the alleged incitement to commit the section 21 offence gave rise to claims in equity. It did not.

The incitement claim formulated in the amendment was not legally sustainable. Accordingly, the appeals by Amstrad and Dixons were allowed and the judge's order giving leave to amend was discharged.

The question whether the plaintiffs had a good cause of action otherwise than by reference to section 21(3) had not been argued, Mr Munby having accepted that on that he was bound to fail. Since that would leave no live issue the writ and statement of claim were struck out.

LORD JUSTICE FOX agreed.

SIR DENYS BUCKLEY, dissenting, said that in *Emperor of Austria (1861) 3 de GF & J 216*, which was binding, Lord *Justice Turner regarded the importation of spurious Hungarian* bank notes to Hungary as an injury to unidentified individuals in Hungary on whose behalf the plaintiff emperor could sue.

All three members of the court regarded themselves as exercising an equitable jurisdiction based on risk of injury to property.

That decision appeared to afford at least an arguable basis for Mr Munby's claim to injunctive relief, irrespective of whether the plaintiffs had a good common law cause of action for damages.

For Amstrad: Geoffrey Hobbs (Herbert Smith & Co)

For Dixons: Michael Fysh (Wilkinson Kimbers)

For the plaintiffs: James Munby (Hamlin Slowe)

By Rachel Davies
Barrister

UK COMPANY NEWS

Acquisitions help BBA to double profits to £26m

BY RALPH ATKINS

GROWTH through acquisition helped BBA, the automotive and industrial group, more than double its pre-tax profits from £13m to £26.6m in 1986. The increase, which exceeded City forecasts, followed 1985 pre-tax profits which were 2½ times more than those in 1984.

Turnover in 1986 was £553.2m compared with £329.5m in 1985.

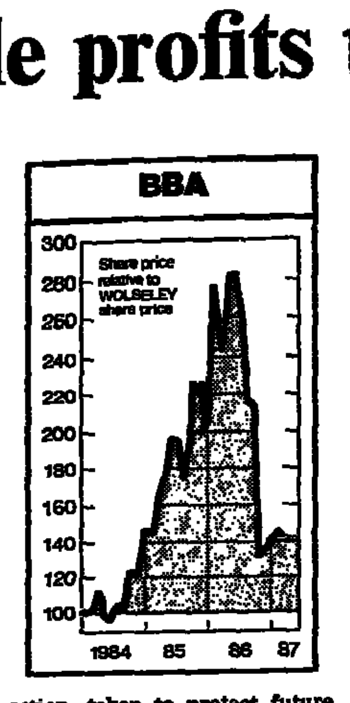
Earnings per share were up to 10.2p compared with 8.1p in 1985 and last night shares in BBA closed up 13p at 191p.

The group made a number of acquisitions during the year. These included Brake & Clutch Industries, an Australian company, for £12m in July, plus others in the UK and in the Netherlands.

Profits were boosted by strong performances by the group's North American subsidiary, Scandura Inc, which manufactures industrial textiles and its West Germany subsidiary, Textar, manufacturer of friction materials such as brake pads.

However, Automotive Products, acquired in March 1986 for £108m, failed to live up to expectations. After restructuring costs—including 800 redundancies at the Leamington, West Midlands, automotive components plant—the division made a loss in 1986.

BBA said that this corrective action, taken to protect future profits, together with an unexpected weakening of the UK trading position in the second half of 1986, meant that profits were not as great as they could have been.



In 1986 the split between the group's principal activities—automotive and industrial activities—shifted towards the automotive side. The automotive division accounted for 83 per cent of combined sales in 1986 compared with 76 per cent in 1985.

However, the automotive side had contributed only 68 per cent of the profits of the two divisions combined, compared with 74 per cent in 1985.

In August last year, the group announced a £68.7m rights issue to reduce borrowings which had reached £118.2m and a gearing level of 82 per cent after the acquisition of Automotive Products. The balance sheet for 1986 revealed net bank borrowings of £86.2m and a gearing ratio of 42.3 per cent.

Mr Ray Mitchell, group finance director, said that the group hoped growth would continue both organically and through strategic acquisitions.

He said that the group could afford to pay cash for acquisitions, ideally costing about £50m, but these would have to complement existing interests.

"We are continuously on the look-out for acquisitions which we can bolt on to our business to share overheads and get cost efficiency," he said.

A final dividend of 1.5p per share is proposed, making a total dividend for the year of 2.5p. In 1985 total dividend was 2p.

See Lex

GrandMet US offshoot fails fitness test

By Clay Harris

Grand Metropolitan is to lay down its barbells and give up pumping iron. The brewing, food and leisure group plans to sell Diversified Products Corporation, the largest company in the troubled US home-fitness market.

The disposal will remove GrandMet's only subsidiary involved in the manufacturer of consumer durables. The company said yesterday that it had instructed Morgan Stanley, New York investment bank, to find a buyer for DP.

Sales and profits at DP, bought as part of the Liggett Group in 1980, have steadily deteriorated, as has US demand for fitness equipment, such as exercise bicycles, rowing machines and weight-lifting benches.

The market peaked in 1984, according to Mr Cal James, DP president. In the year to September 30 1986, DP reported operating income of only $2m on sales of $137m, having fallen from $16m on sales of $224m in 1984-85 and $38m on sales of $265m in 1983-84.

Throughout this decline, DP maintained its overall market share at between 30 and 40 per cent, Mr James said. The company, however, was continuing to suffer from sluggish demand.

The prospects are bound to affect the proceeds from the planned disposal.

"If they get £10m, I'll think they're doing well indeed," one London share anaylst said yesterday. Another said he suspected that DP was heavily overstocked, considering the state of the market.

Mr James said, meanwhile, that a management buy-out might be under consideration.

GrandMet said in London that the planned disposal had been announced to forestall any uncertainty at DP's head office and main manufacturing plant in Opelika, Alabama. A factory in Swansea employs 150 people and accounted for sales of about £10m last year.

Mr James said that it had "darn good prospects." DP has already begun to close a third facility at Kitchener, Ontario.

GrandMet shares added 3p to 492p.

Nikki Tait on Tesco's bid approach to Hillards

Battle facing Yorkshire die-hards

ONE HUNDRED and one years of independence die hard. Scarcely surprising, then, that Tesco chairman Ian MacLaurin's exploratory phone call to Peter Hartley, his Hillards' counterpart, met an unhelpful response on Monday night.

Nor that directors of the Yorkshire-based retail chain, which started life as a small grocer's shop in 1885, yesterday bravely reiterated that resistance in the face of the £180m bid from Britain's second-largest supermarket chain.

What has raised some eyebrows is that Tesco is back on the bid trail.

Having run through the figures, analysts admit that the Hillards offer makes good sense—but Tesco's recent emphasis on streamlining its business, its organic expansion on the superstore front and recent withdrawal from the Safeway auction, certainly lulled the City into thinking that predatory instincts were muted.

"The offer does stand up—but it is at odds with Tesco's perceived strategy," was a typical response yesterday.

Hillards is, and always has been, a family business. The current chairman, Peter Hartley, is grandson of the company's founder, John Hillard, and his father, mother and elder brother have all held the same role.

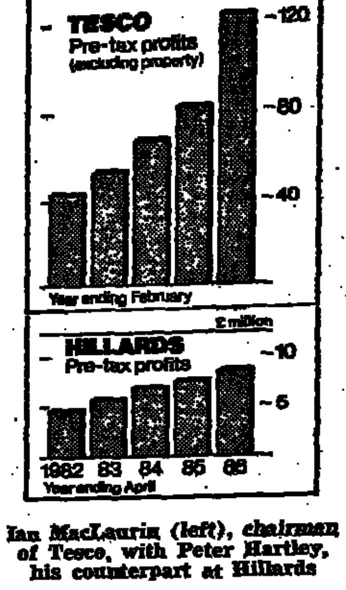
Directors and family hold over 20 per cent of the company's shares—including a 6.18 per cent block in the hands of trustees of the late Mr J. R. Hillard.

The chain itself, however, has come a long way from the days John Hillard—after managing a Parisian grocery store—settled in Cleckheaton, borrowed fifty pounds and bought the first shop, Lion Stores.

About 10 years ago there was a brief foray into discount stores in the south-east, but more recently Hillards' management emphasis has been on new openings, principally in the superstore (25,000 sq ft-plus) bracket.

Today, Hillards consists of 40 stores, covering around 750,000 sq ft, and concentrated in Yorkshire. Over half its turnover now comes from superstores—40 per cent from outlets opened in the last five years.

The recent expansion programme, running at around three new stores a year, has told on the balance sheet: by early 1987 gearing was at almost 60 per cent and a £14.7m rights issue of convertible preference shares was announced last month, to bring this down to the 20 per cent level.



Ian MacLaurin (left), chairman of Tesco, with Peter Hartley, his counterpart at Hillards

Even so, there seems little doubt among analysts that Hillards—in its modest way—has been doing the right things.

Ironically, its increasing emphasis on own-label, central distribution and larger stores is not so different from Tesco's own strategy—and no doubt a prime reason why the smaller chain is today facing a bid.

Tesco, itself, makes much of the comparison. The average store size at Hillards, it points out, is 19,000 sq ft; at Tesco, 20,000. Tesco reckons to deliver around 70 per cent of store merchandise centrally; Hillards stands at around 25 per cent, but is aiming at 50 per cent.

Similarly, on own-label Hillards percentage is around 20 per cent; Tesco manages 45 per cent.

Combine the healthy average store size and the scope for improvement on the other fronts, argues the supermarket giant, and it should be possible to push Hillards sales per square foot — currently £7.60 — much closer to Tesco's own £8.60.

That appeal, of course, makes added sense given Tesco's regional weakness. It has only 20 stores in Yorkshire, though has been expanding, for example, at Hull and Blackburn, with potential sites at Barnsley, Hartlepool and Sheffield due to come on stream.

Its national share of the grocery market is around 13-14 per cent—Hillards is about 1 per cent—but in Yorkshire only 3 per cent. "Given the average cost of developing new sites, this does look a very realistic way of growing," says John Richards at Wood Mackenzie.

The numbers also pan out favourably: pre-tax profits growth at Hillards has been less than exciting over the past five years, but if the group makes the £10m-plus which the City predicts for 1986-87, the bid puts Hillards on an exit pe of 23.

Yet, even without adding in the immediate scope for savings via Tesco's distribution system and the elimination of overheads, there should be no dilution.

The surprise element is that Tesco has made much of its organic store development plan recently—especially the emphasis on out-of-town superstores.

It is not so long ago that the company was rooting out the less successful remnants of earlier acquisition moves—for example, its chain in Ireland.

Still, surprise or not, Hillards' escape routes do not look—superficially, at least—promising. The exit multiple means the chances of anyone else coming in are remote.

Of the two most likely candidates, Dee is still digesting Fine Fare and Argyll has its hands full with Safeway's UK operations, which it finally acquired on a similar 24 times multiple—certainly viewed as no snip—two months ago.

Anyway, Hillards yesterday threw out any suggestions that it would seek a white knight.

A better defence might be a reference to the Monopolies Commission. Yet a combined Tesco/Hillards would still only take fourth place after Asda, the Co-ops and Morrison in terms of regional share, accounting for under 10 per cent of the market.

The jump in Tesco's national share might be a better lobbying counter—food retailers are traditionally a sensitive area. Yet on a rational basis, would Tesco's additional one per cent really change the industry?

Yorkshire is known for its grit. Even so, Hillards will need a few surprises up its sleeve if it is to see off this particular approach.

Another hundred years of independence will not come easy.

Prestwich up to £2.8m at halfway

Prestwich Holdings, the consumer electronics and entertainment leisure group, lifted its profit from £2.06m to £2.75m. But the addition of £1.08m exceptional credits above the line, meant total profit for the half year ended December 31 1986 was pushed up to £3.83m.

Exceptional items were the profit on disposal of listed investments £1.19m, less compensation for loss of office £104,000. Earnings were 5p (3.8p) before exceptional items, and 7p after. The interim dividend is 0.4p (0.35p).

The directors said the second half had started with a strong balance sheet and in a net cash position. They anticipated a satisfactory outcome to the year.

The group is engaged in consumer electronics through Bush Radio and its leisure activities include pre-recorded video cassettes and licensed merchandising products. Turnover in the half year advanced from £19m to £25m.

Martin Ford in £5.9m sale of Stage chain

BY RALPH ATKINS

Martin Ford, the clothing retail chain, plans to sell its chain of 38 Stage womens' fashion stores to a subsidiary of jeans manufacturer and retailer, Lee Cooper.

The deal—worth up to £5.9m—leaves Martin Ford with only its eight Michael Barrie menswear shops, bought for £1.1m in August 1986. But the company is now cash rich and expects to announce new acquisitions in the next few weeks.

Shares in Martin Ford closed up 2p at 74p.

About £2m has been spent on refurbishing the 38 leasehold Stage shops which cater for women up to the age of 25 but their book value is only £222,000.

The deal also includes the sale of up to £800,000 worth of spring and summer stock. Completion of the sale is conditional on shareholders approval which is to be sought at an extraordinary general meeting.

The shops are being acquired by Grant Seward, a wholly owned subsidiary of Lee Cooper which already operates 78 men's and women's fashion outlets. Lord Marsh of Mannington, chairman of Lee Cooper, said the acquisition continued the company's stated policy of diversification and expansion.

In the first half of 1986 Martin Ford made a loss before tax of £1.14m on a turnover of £56.9m.

Yearlings

The interest rate for this week's issue of local authority bonds is 9⅞ per cent, down 1/16 of a percentage point from last week, and compares wtih 10 11/16 per cent a year ago. The bonds are issued at par and are redeemable on March 16 1988.

A full list of issues will be published in tomorrow's edition.

Bluebird advances to £1.7m

Bluebird Toys, maker of Big Yellow Teapot and Aerobie, yesterday unveiled a 37 per cent advance in pre-tax profits for the year to the end of last December.

The £1.74m out-turn beat analysts' expectations by about £200,000 and compares with £1.27m in 1985. It was achieved on sales of £11.93m (£8.68m).

Earnings per share rose from 12.8p to 18.1p and the dividend is being raised to 4.615p (3.5p).

Shares in the company have risen strongly in recent months, but added just 1p yesterday to finish at 361p. That compares with 90p when the company was floated on the Unlisted Securities Market two years ago.

Mr Torquil Norman, the company's founder and chairman, said customers had experienced excellent demand for Bluebird's toys last Christmas.

The company's products now represented about 1.5 per cent of UK toy sales, Mr Norman said. It was too early to make firm predictions, but the current order book was fuller than it was this time last year and market share should improve during the year.

The company expects about a third of sales this year to come from new products. These include Manta Force, a space ship game, Big Clix Farm Set, a building blocks product, and East End Stall and Hamburger Bar.

In 1986, the company paid £659,000 (£508,000) in tax. After dividend payments of £276,000 (£209,000) the retained profit was £801,000 (£548,000). Cash at bank and on deposit amounted to £2.7m (£2.1m).

● comment

Torquil Norman may not be able to make firm predictions but independent observers have very definite views about the company's future: it looks bright. Toy sales are growing fast in the UK. Following the success of Toys 'R' Us, big retailers like Woolworth and Boots are falling over themselves to increase their presence in the market. This is expected to help lift sector sales to around £1bn this year as against £850m in 1985. Bluebird, which designs and assembles its products, has already proved itself through the Big Yellow Teapots and lunch box sets on which it was launched. Demand for both products remains buoyant even after five years of growth. Future expansion depends on the company's ability to develop new major sellers and the signs are good. The 100,000 models of the East End Stall and Hamburger Bar which will be made this year have already been sold, for example, and investment in tooling for new products is growing. This year margins may suffer because of the increasing cost of plastic and of advertising, but profits should easily reach £2m. That means a prospective p/e of 16.7 but the company record and prospects merit that.

Admiral Computing to join market via placing

BY PHILIP COGGAN

Admiral Computing Group is joining the main market via a placing which will value the company at just over £15m. Around 2.5m shares, 25 per cent of the equity are being placed by County Securities, at £1.50 each.

The company designs and produces software systems and also acts as a consultant on computer projects. It was founded in 1979 by Mr Clay Brendish and Mr Ceri James and after specialising in its early days on work for the defence industries, it now has its client list split roughly in half between the financial services sector and defence.

Admiral's hopes for expansion are pinned on increasing work for the non-defence government sector, and on a new joint venture to exploit Ada—the US department of Defense computer programming standard. The bulk of the funds being raised via the placing will go to the existing shareholders with the rest being used to buy new premises and to build up working capital.

Pre-tax profits for the year to December 31, 1986 were £1.02m on turnover of £6.69m, up from £556,000 on £4.45m turnover in the previous year. The price/earnings ratio at the placing price is around 21.5. Dealings are expected to start on March 17.

Oceana down

Pre-tax profit from Oceana Consolidated, investment trust, fell from £120,000 to £77,000 in the half year ended September 30 1986, and earnings came to 0.9p, compared with 1.23p.

The principal investments were unchanged and benefitted from buoyant market conditions. Results include for the first time Oceana Asset Management. Fee-related services, taken as a whole, incurred a small loss.

There were few disposals in the equity portfolio, while a reduction in the proportion of higher yielding gilt-edged stocks resulted in reduced investment income.

Federated Housing sees a continuing growth pattern

Federated Housing, the Surrey-based housebuilder which graduated from the USM to a full listing 12 months ago, pushed ahead strongly during the second six months of 1986 and for the full year raised its profits from £1.45m to £2.52m pre-tax, an improvement of 74 per cent.

The directors said yesterday that they looked forward to a continuing growth pattern in 1987 in all sectors of activity.

They regarded the year as the first of a five year period of expansion which should be characterised by a new form of partnership with building societies, including a combined effort to produce rental housing.

Turnover for the past year expanded from £13.53m to £19.78m, although the cost of sales rose by £4.82m to £15.63m. Administration expenses also took more at £1.35m (£1.11m).

Earnings improved by 7.2p to 16.7p and the dividend for the year is being increased by 0.7p to 4p net via a final of 2.7p.

The directors have identified land for the major part of the company's general housing requirements for the next three to five years.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corresponding div	Total for year	Total last year
AMV	2	—	1.5	3.5	1.5
Antofagasta	‖7.25	May 15	5.63	8.5	6.88
BBA Group	†1.5	May 13	1.16	2.5	2
Bluebird Toys	‡4.62	—	3.5	4.62	3.5
British Car ......int	3	July 31	1.5	—	4.5
Federated Housing	2.7	Apr 17	2.2	4	3.3
Lambert Howarth	5	—	4.25	7	5.75
Merchants Tst	2.4	—	2	4.5	3.75
Miller Santhouse ...int	‡0.75	June 26	—	—	—
Oriflame	18.5	—	15	29.5	24.5
Owners Abroad	‡1.5	May 29	1.5	1.5¶	1.5
Pentos	0.73	June 30	0.53	0.95	0.7
Prestwich Hldgs ...int	†0.4	—	0.35	—	0.85
Reliable Props ......int	2.25	—	1.25	—	4.5
Thos Robinson	3	—	nil	3	nil
TR Pacific Basin	**0.8	—	0.5	1.3	1
Wickes	‡1.67	July 3	—	2.5	—
Wolseley ......int	4	July 31	3.5	—	11.5
Woodhouse Rixson	1.65	May 1	1.5	3	2.5

Dividends shown pence per share net except where otherwise stated. * Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ USM stock. § Unquoted stock. ¶ For 10 months. ‖ Gross throughout. ** Including 0.3p non-recurring payment.

UK COMPANY NEWS

Charlie Browns joins Woolworth in £19m deal

BY CHRISTOPHER PARKES, CONSUMER INDUSTRIES EDITOR

Woolworth Holdings yesterday continued its drive into speciality retailing with a £19.2m recommended offer for Charlie Browns, car part centres, a northern chain of car part sales and fitting centres.

Woolworth's, which is currently negotiating to buy the Underwoods chemists chain, said the acquisition would make "a winning fit" with the existing Autocentre business which is run as part of its B&Q do-it-yourself chain.

Charlie Browns was valued at £4.6m in May, 1985, when it was floated on the Unlisted Securities Market. It has grown since from 33 outlets to 42. Pre-tax profits have increased from £252,000 on sales of £9.58m to £922,000 on £18m last year.

The takeover offer is conditional on Charlie Browns forecasting profits for the current year of not less than £1.35m.

Mr Geoffrey Mulcahy, Woolworth's chief executive, said the blend of B&Q's retailing expertise with Charlie Browns strength in servicing would give the group a strong footing in the fragmented £5bn auto aftercare market.

Mr Nigel Whittaker, B&Q chairman, added that performance of the existing chain of five B&Q Autocentres had satisfied the group of the validity of combining parts sales, service and valeting.

"Charlie Browns gives us critical mass," he said. "It puts us at the top of this part of the market."

The nearest competitor is Halfords, which has some ten out-of-town centres and about 400 high street shops. Kwik-Fit, which specialises in fitting tyres and exhaust systems, does little parts retailing.

Mr Andrew Bairstow, chairman and joint managing director of Charlie Browns, will run the autocentre business, taking theexisting B and Q operations under his wing. He said yesterday that the chain could grow to about 300 outlets over the next five years.

Although some B&Q outlets were far bigger, he suggested the Charlie Browns formula of 6,000-7,000 sq ft, with 3,000 sq ft devoted to retailing and 4,000 sq ft for servicing was about the ideal.

Terms of the Woolworth's offer are 316p cash per share with a loan note alternative. The group has already received irrevocable acceptances in respect of 55 per cent.

All-round progress and interest cut lifts Pentos

All-round improvement and a sharp cut in interest charges enabled Pentos, industrial holding company, to lift pre-tax profits by 68 per cent from £2.97m to a record £5m in 1986. Turnover rose 23 per cent to £63.2m, against £51.2m.

Mr Terry Maher, the chairman, said yesterday that 1986 was probably the most important year in the group's short history. A number of key objectives were achieved which have established a firm basis for significant earnings growth in the future.

A major improvement in trading results is again expected this year.

At the operating level, 1986 profits were up from £4.19m to £5.83m. These were split between retail and publishing £3.43m (£2.28m); office furniture £1.8m (£1.44m) and property and construction £596,000 (£472,000). Central costs took £310,000 (£171,000).

Pre-tax results benefitted from halved interest charges of £515,000 (£1.05m). Stated earnings per share were 7.67p (6.1p) basic and 5.73p (4.39p) fully diluted. The dividend is raised to 0.95p (0.7p) net on increased capital, with a final of 0.73p.

Extraordinary charges accounted for £498,000 (£555,000) being the net costs of and losses on disposals of discontinued businesses.

Tax charge was £568,000 (£139,000) representing a rate of only 11 per cent (5 per cent). The company said there was still tax losses and unrealised ACT available and together with a high level of capital expenditure, this would mean a below normal tax charge for at least the next few years.

During this year, the company expects to invest at least £8m on capital expenditure, of which £6m will be in retailing.

Mr Terry Maher, chairman of Pentos.

● comment

Pentos's decision to extend the Dillon name to all its mainstream bookshops in the UK is testimony to the return achieved from the £2m spent on refurbishing the London shop. However, it is from Athena (and its US sister Arcadia) that most growth can be expected in the fashion end of the book, cards and posters market. Shop-in-shops within Virgin stores and similar should more closely identify Pentos with a younger market. This year £7m should easily be achieved, which puts the shares at, down 5p at 115p, on a fully diluted prospective p/e of 17½. This has to be a very full valuation for the stock and yesterday's profit taking can hardly have come as a surprise. But surely someone somewhere, perhaps with a desire to improve on a slightly dull image, will be interested in a well run, fashion oriented business with a market capitalisation of under £100m that has cash in the bank?

BOARD MEETINGS

TODAY

Interims: Bejam, CALA, Harrisons Malaysian Plantations, A. and J. Mucklow, Precious Metals Trust, Trafford Park Estates.

Finals: BTR, Cement Roadstone, GKN, Hampden Homecare, J. Hewitt and Son (Fenton), Hillsdown, Liberty Life Association of Africa, New Darien Oil Trust, Novo Industri, Rivlin, Stat Plus, Stockholders Far East Investments, Ultramar.

FUTURE DATES

Interims:

Highland Distillers	Apr 13
Logica	Mar 18
Lucas	Mar 26
Sirdar	Mar 18
West Yorkshire Ind Hospital	Mar 19

Finals:

ASD	Mar 26
Abbeycrest	Mar 24
Bosse Massimi	Apr 22
Camellia Investments	Apr 15
Cattle's	Mar 12
Croda International	Mar 26
House of Lerose	Mar 19
Johnson Group	Mar 24
Jourdan (Thomas)	Mar 24
Legal and General	Mar 19

Acceptance of Demerger offer falls below 50%

By Nikki Tait

Demerger Two, the newly-formed company which is bidding £90m for London and Northern, yesterday revealed that the level of acceptances for its bid fell to 47.02 per cent by the final closing date last Monday.

The bid is currently enjoying a further seven days' extension, following a request to the takeover panel from Demerger, with the L and N board's backing, last weekend.

At the previous second closing date, Demerger held acceptances on behalf of just under two-thirds of L and N's shares. However, 10 days ago Evered — the acquisitive engineering conglomerate headed by the Abdullah brothers — mounted a market raid and and picked up a 14.99 per cent stake, including shares from a number of institutions who had previously accepted Demerger's 81p cash alternative.

In addition to the 47.02 per cent, Demerger says it had further recently-purchased but unregistered holdings of L and N amounting to 1.07 per cent. The existing stake held by Demerger and its associates, and included in the figures, is around 8 per cent.

Yesterday, Evered and its advisors Robert Fleming met briefly with London and Northern and Hill Samuel. Evered is not thought to have made any further market purchases of L and N shares; on Monday it took its stake to 20.2 per cent. Demerger and Winterbottom Holdings, the Australian company which recently disclosed a 4.5 per cent stake in L and N, are also thought to have been in contact with the company.

Common Bros.

Common Brothers, ship owner, operator and travel agent, swung from losses of £630,000 to profits of £587,000 pre-tax during the half year ended December 31 1986. Interest charges fell by £451,000 to £91,000.

The directors put the improvement down to a continuing strong performance of the Bermuda Star Line subsidiary. Bookings and revenue projections for the second half were running ahead of last year.

The travel operation showed encouraging growth, both in turnover and profit tersm.

New opportunities, both within and outside the shipping sector, were being sought. The company's ultimate parent is Norex Corporation of Bermuda.

TR Pacific Basin

TR Pacific Basin Investment Trust lifted its net asset value from 179.4p to 289.9p at year end, January 31 1987. Net asset value per fully diluted ordinary share rose from 167.6p to 268.6p.

The directors said that the company's policy would continue to emphasise the growth of investments outside Japan. However, the company recognised that due to the large size of the fund the Japanese market would remain its most important investment area.

Pre-tax revenue amounted to £1.86m (£1.32m). Tax increased from £491,000 to £600,000 and earnings per share worked through at 1.79p (1.16p).

The directors propose an unchanged final dividend of 0.5p plus a non-recurring dividend of 0.3p to make a total of 1.3p (1p) for the year.

Miller and Santhouse

Miller and Santhouse, the Liverpool-based optical retailer which came to the USM last October, lifted taxable profits by 67 per cent to £251,000 in the six months to December 31 1986.

The profits growth was achieved on turnover up by 85 per cent from £1.27m to £2.36m. Tax took £88,000 against £58,000 last time and resulted in earnings per 5p share of 3.63p (2.3p).

A maiden interim dividend is set at 0.75p.

US problems hit Wolseley shares

BY PHILIP COGGAN

SHARES in Wolseley, heating and plumbing merchant, dropped 31p to 660p yesterday after its results for the six months to January 31 revealed a disappointing performance from Carolina Builders, which the group bought for $77m last year. Nevertheless pre-tax profits for the group as a whole climbed 88 per cent to £32.1m.

The problems at Carolina were largely caused by an oversupply of homes in its southern US base and adverse currency movements, which also affected Ferguson, Wolseley's US distributor. Carolina contributed £3.03m to first half trading profits and total US distribution profits rose from £6.12m to £8.74m.

In the UK, a total of 19 new branches were opened, including 13 Plumb Centres, and trading profits were nearly 50 per cent higher at £14.58m, on turnover 37 per cent up at £205.4m.

The rest of the group has been completely transformed by last year's acquisition of Grovewood Securities from BAT Industries for £109m. Extra companies were absorbed into the engineering and plastics and the agricultural machinery divisions and two new divisions, electrical and technical services were created.

Looking forward to the rest of the year, Mr Jeremy Lancaster, chairman, said that the prospects for the second half were reasonably encouraging but warned that growth in the US economy appeared to have slowed.

Trading profits were £33.06m (£17.72m) on turnover of £468.8m (£300.9m) and after interest of £955,000 (£770,000) pre-tax profits were £32.1m (£16.95m). After deducting tax of £11.82m (£6.14m) and minority interests of £344,000 (£15,000), earnings per share were 16.3 per cent higher at 21.12p (18.16p). The interim dividend is being increased by 14.3 per cent to 4p (3.5p).

● comment

The market reacted rather harshly to these figures as the analysts digested the US news and marked their full year forecasts down from the expected £75m to around £70m. But for the long term, the good news is that the Grovewood companies, on the surface a bit of a ragbag, have been digested successfully; and the non-builders' merchants divisions can now be built up to establish the group as a genuine industrial conglomerate. Part of the reason for diversifying into the US was to escape from the UK building cycle—it was therefore inevitable that a US downturn would someday dilute the effects of a UK construction boom. Having taken the market's displeasure, Wolseley's distribution division can go back to concentrating on its pattern of steady growth via new branch openings. Even on a reduced profit forecast, the shares do not look over-rated on a prospective p/e of 14.

Owners Abroad rises sharply

Owners Abroad Group, the USM-quoted tour operator, yesterday announced a sharp increase in 1986 profits and at the same time said it intended to apply for a full listing.

In order to bring its financial year into line with the results of two actual holiday trading seasons, the group has changed its year end to October 31. Pre-tax profits for the 10 months to that date were £5.19m, against £3.81m in the previous year.

For the last two months of 1986, the group incurred a loss of £160,000, after crediting £122,000 from the sale of a leasehold property at 4 Green Street, London, W.

Turnover for the 10 months increased to £136.2m (£117.2m for year) with passenger carryings reaching a record 1.2m, against 1.08m previously. The load factor was an all-time high of 97.7 per cent (97.1 per cent).

The current year has started off very well with bookings in all divisions for both winter and summer 1987 currently an average of 13 per cent ahead of last year, with margins once again being maintained.

The company is to buy an apartment complex in Lanzarote for £725,000, payable wholly in cash over a period of two years. The complex comprises 35 apartment in Puerto del Carmen, the principal tourist centre of the island. An independent valuation has been obtained which values the property at £850,000.

The group's new airline subsidiary, Air 2000, is due to commence operation- in April—it has not only sold the whole of its 1987 summer capacity but has also made an encouraging start to sales for the following winter season.

Earnings per 8p share for the 10 months were 5.52p (3.5p for year) and the single net dividend for the period 1.5p (same for year). Interim payments will commence in the 1987-88 financial year.

● comment

With these figures, Owners Abroad has demonstrated that it can prosper in what has been a difficult year for some travel companies. Thomson may have cut its prices by 15 per cent, but chairman Neil Scott has chosen margins over volume, and seems to have come out ahead, probably thanks to the ahead, probably thanks to the special interest holidays. The company has expanded rapidly, using mainly cash, and is looking for further acquisitions in its field. Gearing is at 58 per cent after goodwill write-offs last year, but a service business is never strong on fixed assets and that figure cannot be expected to drop much. With around £7m expected next time, the share price of 61p puts it on a prospective p/e of 7, attractive, but as a small operator it is at the higher risk end of a high risk industry.

RHM comes under attack from Avana

The low level of acceptances for Ranks Hovis MacDougall's offer for Avana Group showed that shareholders "fully appreciate the weaknesses inherent in the RHM case," the Avana board claimed yesterday.

RHM announced on Monday that it had received acceptances for its £248m takeover bid representing 1.25 per cent of Avana, the Cardiff-based food group. Morgan Grenfell, RHM's advisers, had bought a further 0.8 per cent.

"The development of Avana's future does not require the assistance of RMH," the target company said.

"The board has a clearly developed long-term strategy for future growth . . . based on product innovation, capital investment and profitable employment of people."

RHM bought a 20.3 per cent stake in Avana from Northern Foods shortly before launching a full bid last month.

Pantherella in talks and requests suspension

The shares of Pantherella were suspended yesterday following an approach which might lead to an offer for the Leicester-based men's sock manufacturer. The suspension was at 170p, down 1p on the day, valuing the company at £6.8m having risen 32p in the past week.

Pantherella, the shares of which have been traded on USM since 1984, say pre-tax profits increase from £336,000 in 1979 to £761,000 in 1985 with turnover rising from £2.29m to £4.61m. It suffered a setback in the first half of 1986 with profits slipping by 9 per cent, but was expecting to report an unchanged figure for the full year.

The directors said they had asked for the suspension of dealings pending the outcome of the talks and advised shareholders to take no action

CTV adjustment

Shares in Crown Television Productions, the USM quoted film, video and television producer, fell 8p to 60p yesterday following the company's announcement of changes to its preliminary results for 1986, published in January.

The Stock Exchange has been told that, after sorting out its tax position, the company adjusted earnings per share to 2.6p in 1986 rather than 4.6p. Earnings per share in 1985 were adjusted from 7p to 5.4p.

Saatchi's Paris date

Saatchi and Saatchi shares are to be traded on the Paris bourse beginning on March 30. The advertising group has received formal approval from the French authorities for a listing, Saatchi's third after London and Nasdaq in the US.

HongkongBank

The Hongkong and Shanghai Banking Corporation

Incorporated in Hong Kong with limited liability

Results for 1986

The Directors announce that (subject to audit) the profit for the year ended 31 December 1986 attributable to the shareholders of the Bank was approximately HK$3,056 million (1985: HK$2,719 million), an increase of 12.4 *per cent*. The profit was arrived at after providing for taxation and after making transfers to inner reserves, out of which provision for changes in the value of assets has been made. Audited accounts will be published at a later date.

With only slow growth in the world economy, and no major upturn in world trade, performance in the traditional banking businesses was uneven. In the Middle East and Asia, although the economies of a number of countries showed improvement, most continued to be affected by the low level of commodity prices. A major exception was Hong Kong, where a buoyant economy and strong trade growth flowed through into working profit.

In the international financial markets falling interest rates and enhanced global investor awareness resulted in a strong performance by the Group's Capital Markets businesses; both the Wardley and James Capel Groups made significant contributions to Group profits. In the United States the contribution from Marine Midland Bank was once again encouraging.

The balance sheet grew significantly in 1986. In order to bring shareholders' funds more into line with the assets of the Group, HK$2,000 million has been transferred from inner reserves to the Reserve Fund. A further HK$250 million has been transferred to the Reserve Fund from retained profits.

The Directors had intended to propose a final dividend of HK$0.28 per share, but for the reasons stated below they have instead declared a special interim dividend (in lieu of a final dividend) of HK$0.28 per share which will be paid on 28 April 1987 to shareholders whose names are on the Register of Shareholders on 22 April 1987. Together with the interim dividend of HK$491 million already paid (HK$0.13 per share), the total distribution for 1986 will amount to HK$1,548 million (1985: HK$1,447 million), an increase of 7 *per cent*: thus the total dividend per share for 1986 will be HK$0.41 (1985: HK$0.38).

Consolidated Profit and Loss Statement
For the year ended 31 December 1986–unaudited

1985 HK$m (audited)		1986 HK$m	1986 £m	1986 US$m
3,429	*Net profit of The Hongkong and Shanghai Banking* Corporation and its subsidiary companies	3,546	309	455
198	Share of net profits of associated companies	529	46	68
3,627		4,075	355	523
(908)	Profit attributable to minority interests in subsidiary companies	(1,019)	(88)	(131)
2,719	**Profit attributable to the shareholders of The Hongkong and Shanghai Banking Corporation**	3,056	267	392
	Transfers to reserves:			
(250)	by the Bank	(250)	(22)	(32)
(234)	by subsidiary and associated companies	(242)	(21)	(31)
(1,447)	**Dividends paid and proposed**	(1,548)	(135)	(199)
788		1,016	89	130
2,270	Balance brought forward	2,271	198	291
(715)	Transfer to Reserve Fund	(573)	(50)	(73)
(72)	Exchange adjustments	30	2	4
2,271		2,744	239	352
HK$0.72 (adjusted)	**Earnings per share**	HK$0.81	£0.07	US$0.10
	Dividends per share			
HK$0.12 (adjusted)	**Interim (paid)**	HK$0.13	£0.01	US$0.02
HK$0.26 (final adjusted)	**Special interim (proposed)**	HK$0.28	£0.03	US$0.03
HK$0.38	**Total**	HK$0.41	£0.04	US$0.05

Capitalisation Issue

The Directors also intend to recommend to shareholders at an Extraordinary General Meeting to be held on 14 April 1987 that a capitalisation issue of shares be made in the proportion of one new share for every eight shares held on 22 April 1987 by the capitalisation of HK$1,179,695,228 from the Reserve Fund of the Bank. The capitalisation shares will not rank for the special interim dividend or for the rights issue referred to below but will rank *pari passu* with existing fully-paid shares in all other respects.

Rights Issue

The assets of The Hongkong Bank Group continue to increase rapidly and the Bank is in a very strong financial position. The Directors nevertheless believe that, with the increasing volatility of financial markets and the associated worldwide regulatory trend towards improved capital ratios, it is prudent to further strengthen the Bank's capital base.

The Directors are also of the opinion that, while current conditions in the global economy suggest a prudent approach to capital and liquidity ratios, those conditions will themselves provide opportunities in the banking sector which will be most easily grasped by the better capitalised institutions. They accordingly announce that a rights issue of 471,878,091 shares of HK$2.50 each will be made to raise approximately HK$3,303 million.

The Rights Shares will be provisionally allotted to those shareholders whose names are on the Register of Shareholders on 22 April 1987 in the proportion of one new share for every eight existing shares then held. The issue price of HK$7.00 per share will be payable by not later than 3.00 pm on 13 May 1987.

The Rights Shares will rank *pari passu* with the existing issued fully-paid shares for the interim and final dividend for the year ending 31 December 1987. The Rights Shares will not rank for the capitalisation issue or for the special interim dividend referred to above.

The special interim dividend (which, as mentioned above, is of the same amount as the final dividend that the Directors would have recommended in the absence of the rights issue) is being paid in that form and before the close of the rights issue both to assist shareholders who wish to take up their rights and also so that there is one record date for the special interim dividend, capitalisation issue and rights issue.

The rights issue is being managed by Wardley Limited and James Capel Bankers Limited and is fully underwritten.

It is expected that rights issue documents will be posted to shareholders on 22 April 1987.

Closing of Register of Shareholders

The Register of Shareholders of the Bank will be closed from 31 March until 22 April 1987 (both dates inclusive) for the purpose of determining the identity of shareholders entitled to the capitalisation issue, the rights issue and the special interim dividend. No transfers of shares may be registered during that period.

General Meetings

An Extraordinary General Meeting will be held on 14 April 1987, at which resolutions will be proposed to approve the rights and capitalisation issues. The Ordinary Yearly General Meeting will be held on 12 May 1987.

Prospects for 1987

The United States' economy, which is the key to world growth, is expected to expand at a slightly faster pace in 1987 under current fiscal and monetary policies. World commodity prices have stabilised and are beginning to pick up; inflation may well assume a slightly faster tempo. The recession has bottomed out in most South East Asian economies, but in the United States the size of the trade deficit and the banking industry's exposure to Latin American debt continue to be a cause of concern to its trading partners.

In Hong Kong loan demand has now begun to improve and the business outlook remains encouraging. Protectionism continues to be a threat to domestic exports, but the business sector is generally confident that further growth will be assisted by a slow but expanding international economy and the progress being made in penetrating the Japanese and European markets.

Overall there are grounds for optimism and based on initial indications the trend of the Group's profits this year is encouraging. The Directors expect that the level of profits in 1987 will be sufficient to enable the Bank to pay an interim dividend of HK$0.12 and a final dividend of at least HK$0.25 on the capital as increased by the proposed capitalisation and rights issues, resulting in a total distribution for 1987 of HK$1,746 million (1986: HK$1,548 million), an increase of 12.8 per cent.

By Order of the Board
R G Barber
Secretary

Hong Kong, 10 March 1987

UK COMPANY NEWS

Higher sales and margins push BCA profit to £8m

MAJOR improvements in pre-tax profit and earnings were achieved by British Car Auction Group in the half year ended January 31 1987. They showed a rise from £4.77m to £7.87m and from 3.8p to 6.41p per share respectively.

Mr David Wickins, chairman, attributed that to the additional volume of vehicles sold, particularly in the US, and to improved margins in both countries.

In the second half trading had continued to be good, and he expressed every confidence in the group producing "excellent results" for the full year; in 1985-86 it made £13.83m before tax.

The interim dividend is raised from 1.5p to 2p net; the previous final was 3p.

Mr Wickins said in the UK the new Blackbushe auction complex "really came into its own"; it was already experiencing some space problems and an additional sale day had been added. The other auction centres traded well, with a 50 per cent lift in UK profits coming from additional sales and better margins.

To maintain progress, the group was negotiating for further sites suitable for development on the same lines as Blackbushe.

In the US significant improvements were recorded at the auctions, as the problems of the used car market in 1984 and 1985 seemed to be resolved. Sale proceeds for the first six months of 1986-87 were over $1bn and pre-tax profits $4.84m, compared with $1.2m for the previous year.

Completion of the sale of All-State Vehicles took place on December 31. Leasing income and pre-tax profits of £435,000 were included to the sale date. The sale eliminated borrowings of $77m.

The share of profits of First Security Group (40 per cent interest) was £356,000. Current market value of the investment stood at £11.13m.

In the half year gross auction proceeds of the group came to £1.07bn (£731.38m). Commissions earned were £36.9m (£28m) and leasing income from the US £8.8m (£12.38m). After tax £2.85m (£1.5m) and last time £309,000 minorities and £1.97m extraordinary gains, the attributable balance was £5m (£4.94m).

● comment

The most important message delivered with these solid interims is that David Wickins is bored. A year ago BCA was a hotchpotch of auctions on both sides of the Atlantic, Attwoods, Group Lotus, Five Oaks Investments, and US car leasing. The company had yet to move in to Blackbushe and First Security was but a gleam in the chairman's eye. It may not have been easy to follow but there was plenty of movement. In the meantime, US leasing has been sold and in the great divide with Michael Ashcroft, Attwoods fell out of the BCA bag. What is left is a pair of solid and fully-owned car auction businesses in the UK (up to £4.1m from £2.7m last time) and the US (at £3.3m this time round) plus the 40 per cent stake in First Security (£356,000) and a good cashflow. With money burning visibly in his pockets, Mr Wickins looks unlikely to just sit still. He could sell up (Unigate, various banks and insurance companies are mentioned and would make sense within BCA's context as a quasi-financial services company which uses other people's cars as its source of interest free deposits) and spend his retirement playing the market at a gentler pace. Alternatively he could snap up a couple of struggling smaller companies in the engineering/automotive sector in order to refresh below the line profits, his speciality. Forecasts of £19m suggest a prospective p/e of 14 at 218p—rich but not overly so by US standards.

Lambert Howarth profits up 56%

By Philip Coggan

Lambert Howarth Group, the footwear manufacturer, yesterday reported preliminary pre-tax profit for the year to December 31, up 56 per cent at £2.04m from £1.54m in the previous year.

Mr Martin Jourdan, chairman, reported that the current year had started well and there were good reasons to be optimistic.

Over the past few years, Lambert, which supplies about 60 per cent of its turnover to Marks and Spencer, has altered its range to reduce its dependence on women's slippers and to concentrate on higher-margin, added-value women's shoes.

Along with a rationalisation of production facilities at Burnley and Rossendale Valley, the change in strategy has helped Lambert to increase its margins considerably. Sales were only up 21 per cent compared with a 34 per cent increase in operating profit.

Mr Jourdan reported significant increases in the sales and profits of Lambert's importing division, which brings in shoes from Italy, Spain and Portugal. During the year, the group set up Arcadia, a division trading principally with the Far East.

Operating profit of £2.03m (£1.52m) on turnover of £33.14m (£27.26m) was taken after charging interest payable of £120,000 (£51,000). After a tax charge of £689,000 (£188,000), earnings per share were 21 per cent higher at 24.1p (19.9p). The proposed final dividend is being set at 5p (4.25p) making a total of 7p (5.75p). The shares closed 20p down at 295p.

Wickes rises 73% to £6.5m on DIY growth

Wickes, the DIY retailer ultimately controlled by Wickes Companies of the US, revealed a 73 per cent advance in pre-tax profits for the 53 weeks to end-January 1987.

On turnover ahead of 27 cent to £145.42m, taxable profits rose to £6.45m (£3.72m). After tax of £2.26m (£1.21m), earnings per 40p share came out at 12.7p against 9p last time.

Wickes, which came to the USM in January 1986, is proposing a maiden final dividend of 1.67p making 2.5p for the year.

Mr Henry Sweetbaum, chairman and chief executive, said that operating efficiencies had improved trading margins in all countries.

Wickes retails timber, building supplies and other home improvement products from 54 outlets in England, Belgium and the Netherlands.

During the year, four new outlets were opened in the UK and two more began trading in Belgium. In February, Wickes arranged a £30m eight-year unsecured loan facility to fund the planned expansion of stores in the UK. Since then, a new store was opened in Bristol and three more were currently under construction.

Tyzack in deals

W. A. Tyzack, manufacturer of precision engineering components, has agreed to buy two private companies, Seddon and Bramhall, and A. R. Heathcote. The total consideration of £1.3m will be satisfied by the allotment of 1.97m new ordinary shares, representing 27.9 per cent of the enlarged equity.

Seddon and Bramhall manufacture transformer cores in Sheffield and Glasgow and reported pre-tax profit of about £74,000 on tunrover of £546,000 in the 8 months to November 30 1986.

Heathcote, a machine knife manufacturer based in Sheffield, showed pre-tax profit of £129,000 on turnover of £2m for the 10 months to October 31 1986. Both deals are conditional on shareholders' consent.

Tyzack directors said that for the year to July 31 1987 they intend to propose total dividends of not less than 2.25p per share. Last year a total of 2p was paid.

Thomas Robinson exceeds expectations with £7m

BY JANICE WARMAN

Thomas Robinson Group, the fast-growing engineering group which made five acquisitions for a total of £37.3m in 1986, exceeded market forecasts of £6.2m iwth year-end pre-tax profits of £7.05m, almost triple its adjusted figures for 1985.

Mr Graham Rudd, chairman and chief executive, confirmed the group's continuing expansion policy, saying that it was looking at possible takeover targets to join its present process, woodworking and engineering divisions.

He also revealed that Robinson aimed to start up a fourth division but would not reveal its area of operation beyond saying that some members already had experience in the field.

The results to December 31 1986 included a full year's trading from Vicars Group, Spooners Industries, W. H. Dickinson Engineering and Titman Tip Tools, which were accounted for on a merger-accounting basis.

Wadkin, the loss-making manufacturer of woodworking equipment which Robinson bought in March 1986, had been included from the date of its acquisition. After a rationalisation programme including the sale of Wadkin's loss-making foundry, it made a £1.5m contribution for the year.

Last month the group acquired Klimataik Holdings, air conditioning engineers, for £1.68m.

Robinson's original pre-tax profits for 1985 were £411,000 on a turnover of £10.15m.

Turnover this time was £70.6m as against £38.4m, with earnings per share at 25.7p from 7.5p. Directors announced a dividend since 1981 of 3p, the first since 1981.

The company used its June 1986 rights issue to reduce bank borrowings to £2m, said Mr Rudd. Strong financial control and effective management had provided a platform for further growth in 1987, he added.

● comment

Robinson's merger accounting has left the extent of its organic growth less than clear, but that is a small quibble next to its undoubtedly good performance and rational pattern of acquisitions. With five in 1986 and one so far this year, the company is clearly not going to stop here. A strong management has the talent and ability to buy and integrate companies; several private companies and a couple of public ones are under their eyes at the moment. Graham Rudd seems to be following in the footsteps of younger brother Nigel, chairman of the acquisitive engineering group Williams Holdings. Borrowings are low, with the rights issue helping to take gearing below 10 per cent. The City expects around £10m next time. Tax losses should keep the tax charge down to 25 per cent and leaves the shares, at 405p, on a prospective p/e of 12.

Christian Salvesen in £1.4m disposal

Christian Salvesen has completed its withdrawal from housebuilding and property activities with the sale of Ashton & McCaul, its small land holding subsidiary, for £1.4m.

Salvesen has realised a total of over £55m from its withdrawal from these activities. Of this amount, almost £5m represents profits attributable to the 1986-87 financial year and will appear in the P and L account for the year.

The net £50m capital receipt includes a gain of about £5m over book values against which some provisions will be made.

LIG considers sale

London International Group said that it was discussing the possible sale of Haffenden Moulding, which makes rubber and plastic products including hot water bottles.

The prospective buyer, which was not identified, would continue to supply moulded products to LIG subsidiary Duraplug Electricals, the company said.

Woodhouse & Rixson unchanged

Woodhouse & Rixson (Holdings), the Sheffield-based forgemaster, yesterday turned in virtually unchanged pre-tax profits of £1.15m for 1986, following a downturn in second-half figures from £605,000 to £525,000.

Mr Jock Sutherland, the chairman, said however that the result—which compared with £1.14m in 1985—represented quite an achievement in the light of the collapse in demand from the oil industry and a substantial decline in orders from the mining and power generation sectors.

He added that the former reflected the depressed state of the oil and oil-related industries internationally due to lack of demand, while the latter stemmed from Governmental failure in the decisoin-making process regarding the ordering of coal or nuclear power stations.

Sales in 1986 improved from £10.54m to £10.9m. Sales to the oil sector amounted to 40 per cent of annual turnover between two and three years ago, but had now reduced to about 13 per cent, Mr Sutherland pointed out.

Order intake in early January mirrored that of the depressed final quarter of last year, but thereafter a steady improvement had taken place.

The chairman said it was too early to venture expectations for 1987 as a whole, but the board remained quietly confident of another satisfactory year.

With stated earnings per share ahead at 8.1p (7.8p) the final dividend is raised to 1.65p (1.5p) making a total 0.5p higher at 3p net.

Interest payable was lower at £8,000 (£53,000) and tax took £319,000 (£334,000), giving a net balance of £834,000 (£803,000).

The year-end balance sheet showed net assets up 16 per cent to £3.9m (£3.37m) for net assets per share of 37.7p (32.7p).

COMPANY NEWS IN BRIEF

COLOROLL (wallcoverings and home accessories): Acquisition of Florida-based Wallco for $14.5m (£9.3m) to be satisfied by issue of 3m ordinary shares. Coloroll is to raise a further £3.1m before expenses by the issue of 1m ordinary shares to provide additional working capital.

UNITED BISCUITS Holdings: Holders of 5¼ per cent unsecured loan stock to be invited to approve proposal whereby outstanding £1.5m of stock to be repaid on basis of £80 cash for each £100-worth and so on in proportion for any greater or smaller amount, plus accrued interest to date of repayment.

SIMS CATERING Butchers has agreed to purchase Ken Read & Son (Wholesale Meat) for a valuation of £1m—769,230 ordinary shares to be issued at 130p each. An adjustment will be made should net assets be £900,000 or less. Read is based in Spalding, Lincs.

MERCHANTS TRUST — Final dividend 2.4p making 4.5p (3.75p) for year ended January 31, 1987—a 20 per cent increase is forecast this year. Net earnings £4.72m (£3.88m) or 4.62p (3.79p) per 25p share. Net asset value 172.83p (134.03p).

RELIABLE PROPERTIES (property dealer): Interim dividend 2.25p (1.25p) net for half year to December 31 1986. Gross revenue £884,112 (£539,223) and pre-tax profit £620,821 (£252,029). Tax £217,287 (£100,812). Earnings 16.8p (6.3p) per 25p shares.

ABACO INVESTMENTS is to acquire loss adjusters Trundle Heap & Baker for up to £8.5m. This is payable as to £5.8m on completion and a maximum £2.7m following receipt of THB's accounts for the year ending April 5 1987. Half of the initial payment will be met by the issue of 4.57m Abaco shares not ranking for the April interim dividend. Maximum deferred consideration will be due if THB profits are at least £850,000 for 1986-87. With the acquisition Abaco will meet its objectives in the UK of increased geographic coverage and broader client base.

BPP HOLDINGS, financial training and publications group, has acquired Mantech Training for £375,000. Consideration is to be satisfied by the issue of 156,904 ordinary shares of BPP, representing 4.7 per cent of the enlarged share capital.

Abbott Mead Vickers sees year-end profits top £3m

Abbott Mead Vickers, the advertising agency which gained a full stock exchange listing in December 1985, saw pre-tax profits rise from £2.3m to £3.1m in the year ended December 31 1986. During the period, gross billings moved ahead by 36 per cent from £50m to £68m.

Mr David Abbott, chairman, said that the results had been helped by a meaningful contribution from Leagas Delaney, the advertising agency which AMV acquired last autumn. There had been "an astonishing turn around" in a very short time and he had expected Leagas only to break even.

Mr Abbott reported that during the year every department in the agency had been strengthened and this had brought encouraging rewards in terms of a very solid new business performance. He said 1987 was already proving to be exciting for the group and further new business had been gained.

He believed that there was plenty of organic growth ahead and the group remained interested in relevant acquisitions which made financial and operational sense.

After tax charges of £1.2m (£1m), earnings per share worked through at 14.76p, up from 10.55p last time.

The group propose a final dividend of 2p, making a total of 3.5p for the year. Last year AMV paid only a final dividend of 1.5p.

William Morris

Hanover Grand, a private investment company, has sold 3m shares in William Morris Fine Arts, the USM-quoted wallcover manufacturer.

The sale leaves Hanover Grand with 2.25m shares in William Morris, which has 31.2m ordinary shares in issue.

In the first half of 1986, William Morris made a pre-tax profit of £194,000 on a turnover of £4.67m. Earnings per share were 0.39p after extraordinary debits.

Shares in William Morris closed unchanged at 21.5p.

Yule Catto

Yule Catto has increased its stake in Reabrook Holdings, the aerosols and cleaning chemicals group, to 21 per cent.

AUTHORISED UNIT TRUSTS

FT UNIT TRUST INFORMATION SERVICE

INSURANCES

FT CROSSWORD PUZZLE No. 6,274

PROTEUS

ACROSS

1 Solve the riddle of the fish in the river (6)
4 He may come up with the goods in dramatic style (8)
10 Space at table where director works (5, 4)
11 Breaks into portions (5)
12 Jejune attempt to entrap bull (4)
13 Pass out fit though nothing much heard of it? (5, 5)
15 Bury for example taken in by a number (7)
16 Catch parent out (6)
19 Has confidence in business arrangements (6)
21 One who grumbles at common cab (7)
23 Girl academic with article about drug (10)
25 Favourites' return to stage (4)
27 Legally preclude poets' assembly (5)
28 Watchfulness shown in later version by head (9)
29 Support child (a novice) in abjuring strong drink (8)
30 Boxer in a hole? (6)

DOWN

1 Elegant society girl making broadcast (8)
2 Letter from someone of marked eccentricity (9)
3 Skirting round parent's back (4)
5 Love story of the Italian church (7)
6 Declaration of French attitude (10)
7 Island for dealing in copper? (5)
8 He vested in Army team (6)
9 Cloth doctor is required to show (6)
14 Urges poor actor (with nothing in the Post Office) to have hair treatment (3, 7)
17 Money assigned to food-production area (9)
18 He may ask for a hand from professional model (8)
20 Openings for splitting atoms by volunteer force (7)
21 Bird at airport (6)
22 Complain about something (6)
24 Turner somewhat full at heart (5)
26 Animals brought up by leading performer (4)

Solution to Puzzle No. 6,273

AUTHORISED UNIT TRUST & INSURANCES

Cannon Assurance Ltd
1 Olympic Way, Wembley HA9 0NB 01-902 8876

2nd Series Life Accumulation				
Equity	379.1	401.2	-2.4	—
High Income	326.9	345.9	-0.6	—
Property	217.6	230.3		—
Managed 2	95.9	101.5		—
Managed	268.3	283.9	-1.1	—
Managed 4	98.2	103.9	-0.3	—
Deposit	178.1	188.5		—
Gilt	190.0	201.1	+0.1	—
American	270.9	286.7	-2.8	—
International Money	194.1	205.4	-0.6	—
Far East	210.9	223.2	+0.4	—
Global	105.5	111.6		—
European	106.7	112.9	+0.2	—
Japan	111.8	118.3	-0.3	—
Heritage Property	98.5	104.2		—
2nd Series Pension Accumulation				
Equity	608.3	643.7	-4.9	—
High Income	391.7	414.5	-0.6	—
Property	306.6	324.4		—
Managed 2	96.0	101.5		—
Managed	389.9	412.6	-1.8	—
Managed 4	98.6	104.3	-0.4	—
Deposit	265.9	281.4		—
Gilt	270.6	286.3	+0.3	—
American	429.4	454.4	-5.3	—
International Money	279.9	296.1	-0.9	—
Far East	233.2	246.8	+0.6	—
Global	109.8	116.2		—
European	109.9	116.3	+0.1	—
Japan	116.6	123.4	-0.4	—
Heritage Property	99.9	105.7		—
Other Funds				
Equity Units		81.70	-0.54	—
Property Units		22.98	-0.16	—
Balanced Bond/Exec	37.81	40.01		—

City of Edinburgh Life Assurance
46 Charlotte Sq, Edinburgh EH2 4HQ 031-225 1695

Ivory & Sime Excel	123.0	130.0		—
Risk & Reward Bond	162.9	171.9		—
Murray Johnstone Fd	137.0	145.0		—
Money Market Fd	111.0	117.0		—
Investment Strategy Fd	101.0	107.0		—
Ivory & Sime Pens Fd	125.0	132.0		—
Risk & Reward Pens Fd	144.0	152.0		—
Murray J'stone Pens Fd	134.0	142.0		—
Money Market Pens Fd	111.0	117.0		—

Devonshire Life—Contd.

Money	101.1	106.3	-0.6	—
Pen Managed	142.7	150.3	-1.1	—
Pen World Growth	104.5	110.1	+0.3	—
Pen UK Equity	160.4	169.0	-0.2	—
Pen UK Small Cos	146.3	154.1	-0.4	—
Pen European	98.4	103.7		—
Pen Far Eastern	223.1	234.9	-0.7	—
Pen Nth American	97.1	102.3		—
Pen Fixed Interest	117.4	123.6	-0.6	—
Pen Index Lnkd Stks	109.4	115.3		—
Pen Money	106.3	112.0		—

Eagle Star Insurance Co Ltd
Bath Road, Cheltenham GL53 7LQ 0242 521311

Secure Fund	105.1	110.7		—
Blue Chip Fund	142.7	150.3	+0.1	—
Performance Fund	166.7	175.5	+0.1	—
Adventurous Fund	159.4	167.8	+0.1	—
Pensions Secure	96.8	101.9	+0.1	—
Pensions Blue Chip	110.5	116.4		—
Pensions Performance	108.0	113.7		—
Pensions Adventurous	106.8	112.5		—
Pensions With Profits	101.6	107.0	-1.4	—

Eagle Star Insur/Midland Assur.
1 Threadneedle St, London EC2 01-588 1212

Eagle/Mid. Units	188.5	195.4	-0.8	3.77

Equitable Life Assurance Society
4 Coleman Street, London EC2R 5AP 01-606 6611

Far Eastern	180.6	191.2	-2.3	—
Fd of Inv Tsts	157.2	166.0		—
Gilt & Fixed Int	120.9	127.3	-0.2	—
High Income	174.4	183.6	+0.3	—
Intnl Growth	114.5	120.5	-0.4	—
Managed	141.9	149.4	-0.2	—
Money	109.9	115.7		—
North American	127.6	134.3	-0.9	—
Pelican	165.2	173.9	+0.1	—
Property	109.0	114.7	+0.2	—
Special Sits	174.4	183.6	+0.1	—
School Fee Managed	157.1	165.4	-0.5	—
Pension Funds				
Far Eastern	208.5	219.5	-3.2	—
Fd. of Inv. Tsts	176.1	185.4		—
Gilt & Fixed Int	127.1	133.8	-0.2	—
High Income	202.2	212.8	+0.4	—

INSURANCE, OVERSEAS & MONEY FUNDS

Target Life Assurance Co. Ltd.
Target House, Gatehouse Road, Aylesbury, Bucks
Aylesbury (0296) 394000

Managed	437.6	460.7	+0.8	—
Property	265.1	279.3		—
Fixed Int.	165.1	173.9	+0.4	—
UK Equity	508.4	548.6	+0.1	—
Int. Equity	341.9	359.9	+0.1	—
Deposit	158.8	167.3	+0.1	—
Managed Property	253.3	266.7	+0.6	—
American Eagle	115.7	121.8	+0.1	—
Technology	110.0	115.8	−0.7	—
Worldwide Income	179.0	188.5		—
Pacific	181.7	191.3	−0.7	—
Australian	95.0	100.0	+0.6	—
Japan	296.8	312.5	+1.4	—
Commodity	118.2	124.5	+1.0	—
Gold	134.6	142.6	+0.3	—
Financial	212.3	223.5	+0.5	—
Income	254.9	268.4	+1.6	—
Special Situations	245.1	258.0	−0.8	—
Preference	144.6	152.0		—
Managed Currency	94.6	99.6	−0.4	—
European Spec. Sits.	192.1	202.2	+0.9	—
Sterling	110.3			—
Residential Property	99.4	104.7		—
Pension Funds				
Managed Pension	1340.1	1410.7	+1.9	—
Gilt Pens.	372.1	391.7	+2.5	—
Property Pens.	713.6	751.2	+1.7	—
Equity Pens.	688.4	723.7	+3.6	—
Index-L Plus	129.4	136.5	−0.6	—
Govr. Pen.	263.1	277.0	+0.1	—
Leicester Retirement	172.1	181.2		—

Prices quoted are for Accumulation units

Teachers' Assurance Company Ltd
12 Christchurch Rd, B'mouth BH1 3LW 0202 291111

Managed Fund	191.7	201.8		—
Gilt & Fixed Int Fd	139.5	146.8		—
Cash Fund	124.6	131.2		—

Transatlantic Life Assur Co Ltd
8 New Rd, Chatham, Kent Medway 812948

LACOP Units	517.45	28.55		—

Trident Life Assurance Co Ltd
London Road, Gloucester 0452 500500

Managed	331.2	348.7	−1.7	—
Gtd. Mod.	300.7	316.7	−0.8	—
Property	327.0	344.6		—
American	261.3	275.3	−1.1	—
UK Equity Fund	377.5	397.5	−1.4	—
High Yield	451.0	474.8	+1.5	—
Gilt Edged	261.9	275.8	−2.2	—
Money	243.3	256.3		—
International	263.3	277.3	−1.9	—
Fiscal	293.6	309.1	−1.1	—
Growth Cap.	296.2	311.9	−1.1	—
Growth Acc.	379.7	399.8	−1.4	—

The Porchester Group
91 Wimpole Street, London W1M 7DA 01-493 9090
Porchester Managed Funds

Allianz (z)	122.4	127.3	−0.1	—
Covenant (z)	107.0	113.0		—
Irish Life (z)	119.2	125.5		—
Royal Heritage (z)	106.7	112.4		—
Schroder (z)	102.5	107.8	−0.2	—
Standard (z)	122.8	129.2	−0.3	—
Target (z)	124.5	131.1	−0.4	—
Trident (z)	119.5	125.9	−0.2	—
Porchester Managed Pension Funds				
Albany (z)	133.4	140.4	−0.2	—
Schroder (z)	100.1	105.5		—
Standard (z)	130.3	137.2	−0.4	—
Target (z)	117.1	123.3	−0.2	—

Managed by Porchester Securities Limited

Sharp (Albert E.) & Co
12 Newhall Street, Birmingham B3 3ER 021-236 5801

Man-Clerical Med	128.6	135.4	−0.1	—
Pens. Man-Schroder	316.5	343.4	+2.4	—

Towry Law & Co
57 High St, Windsor, SL4 1LX 0753 868244

Clerical & Medical (z)	106.3	111.9		—
Guardian Royal Exch.	100.9	106.3	−1.3	—
M&G Ass (Life)	117.8	123.6		—
M & G Ass (Pens)	135.3	142.1		—
Norwich Union Assl Mgt	54.9	57.8		—
Royal Life (UnitLinkAss)	108.6	114.3		—
Scot Equitable (Life)	150.9	158.8	−0.8	—
Scott Equitable (Pens)	103.9	109.4		—
Scot Mutual (Life)	157.1	165.4		—
Scot. Mutual (Pens)	142.9	150.5		—
Vanbrugh Life Ass	120.7	127.1	+0.5	—

J. D. Ward & Co Ltd
55 Lincoln's Inn Fields, WC2A 3LX. 01-242 2263

Target Magd Bond	196.8	207.2	+3.8	—
Target Magd Pension	138.5	135.5	+0.2	—
Albany Magd Bond	162.8	171.3		—
Albany Magd Pension	205.6	216.4		—

Yorkshire & Lancashire Investment Mgt.
2 Parson Lane, Clitheroe, BB7 2JN 0200 28066

Growth & Income (RH)	177.2	186.6		—
Ultra Bond (Roy.H)	147.1	154.9		—
Flexible Managed (Hea)	151.7	159.7		—
Global Managed (Schr.)	133.8	140.8		—
Pension Fund (Roy.H)	123.2	129.7		—

OFFSHORE AND OVERSEAS

Actibonds Investment Fund SA

Money Market Trust Funds

Money Market Bank Accounts

NOTES—Gross: rate to those exempt from composite rate of tax. Net: actual rate after deduction of CRT. Gr Eqiv CAR: Gross equivalent to basic rate taxpayers—compounded annual rate. Int Cr. frequency interest credited.

NOTES
Prices are in pence unless otherwise indicated and those designated $ with no prefix refer to U.S. dollars. Yields % (shown in last column) allow for all buying expenses. Prices of certain older insurance linked plans subject to capital gains tax on sales. a Offered prices include all expenses. b Today's prices. c Yield based on offer price. d Estimated. g Today's opening price. h Distribution free of UK taxes. p Periodic premium insurance plans. s Single premium insurance. x Offered price includes all expenses except agent's commission. y Offered price includes all expenses if bought through managers. z Previous day's price. ¶ Guernsey gross. # Suspended. ◆ Yield before Jersey tax. † Ex-subdivision. ‡‡ Only available to charitable bodies. ◆ Yield column shows annualised rates of NAV increase. xd ex dividend.

TRADITIONAL OPTIONS
3-month call rates

Industrials	p		
Allied-Lyons	35	NEI	8
Amstrad	26	Nat West Bk	55
BAT	47	P & O Dfd	55
BOC Grp	42	Plessey	20
BSR	12	Polly Peck	20
BTR	30	Racal Elect	28
Babcock	19	RHM	30
Barclays	47	Rank Org Ord	55
Beecham	48	Reed Intnl	42
Blue Circle	62	STC	20
Boots	25	Sears	12
Bowaters	37	TI	55
Brit Aerospace	58	TSB	8
Brit. Telecom	20	Tesco	42
Burton Ord	23	Thorn EMI	50
Cadburys	22	Trust Houses	20
Charter Cons	30	Turner Newall	24
Comm Union	29	Unilever	150
Courtaulds	35	Vickers	55
FNFC	20	Wellcome	50
Gen Accident	80	Property	
	18	Brit Land	17
Glaxo	130	Land Securities	30
Grand Met	40	MEPC	32
GUS 'A'	189	Peachey	30
Guardian	85	Oils	
GKN	30	BOM	3½
Hanson Tst.	15	Brit Petroleum	60
Hawker Sidd	50	Burmah Oil	38
ICI	80	Charterhall	4
Jaguar	52	Premier	4
Ladbroke	40	Shell	75
Legal & Gen	25	Tricentrol	11
Lex Service	35	Ultramar	17
Lloyds Bank	48	Mines	
Lucas Inds	55	Cons Gold	65
Marks & Spencer	18	Lonrho	24
Midland Bk	55	Rio T Zinc	65
Morgan Grenfell	35		

A selection of Options traded is given on the London Stock Exchange Report Page.

COMMODITIES AND AGRICULTURE

Crop shortfall highlights Chinese grain problems

BY ROBERT THOMSON IN PEKING

CHINA'S wheat imports are likely to increase significantly this year after lower production targets which could also cause serious problems for a Chinese leadership dedicated to grain self-sufficiency.

Wheat imports for 1987 could be 10m tonnes or more, according to diplomats, a large increase on last year's imports of just over 7m tonnes, and the 1985 figure of 6m tonnes.

Forward purchases have been substantially higher than for the same period last year, and a previous US Department of Agriculture estimate that imports this year would be around 7.5m tonnes is likely to be an underestimate.

Grain production has been hindered by a combination of factors including poor weather, farmers switching from grain to cash crops and sideline industries, a serious shortage of chemical fertiliser and fuels, pest infestation, and diseases.

Chinese officials have estimated that 40 per cent of the country's winter harvest—which accounts for about 90 per cent of annual output—has been affected by shortage of water, The Chinese press has repeatedly emphasised the need to stimulate production, and an emergency Communist Party document stressing the importance of grain was distributed last month.

Grain has long been a sensitive political issue in China, and conservative politicians have warned that a fall in production could lead to social "chaos." The need for increased imports, the vast majority of which will be wheat, is a serious loss of face for economic reformers and is likely to lead to calls for increased controls on farm production.

The government had estimated that grain production this year could equal the record crop of 1984 of 407m tonnes, up from 390m tonnes last year and 380m tonnes in 1985. He Kang, the Minister of Agriculture, Animal Husbandry and Fisheries, this week revealed that the goal for 1987 has been revised to 400m tonnes.

Australia, Canada and the US are likely to do best out of the increased wheat needs. Australia last year supplied about 50 per cent of imports and Canada about 40 per cent, while the US has already offered 1m tonnes for this year at subsidised prices.

China has attempted to increase incentives for farmers to grow grain by reducing the amount of state purchases at fixed prices. In most areas, the state purchase figure will fall from 14 per cent to 10 per cent of output, with the fixed price presently set at US 10 cents a kilo, while the market price is about 17c.

Congress prepares for battle on sugar support policy

BY DAVID OWEN IN CHICAGO

THE Reagan Administration will shortly submit to Congress proposed legislation which would transform the US sugar price support programme and probably send the resurgent domestic sugar industry into sharp decline.

The controversial move is seen as another attempt by the Administration to rid itself of the politically embarrassing millstone which the present programme has become.

However, it has already been given a rough ride on various counts by Congressional Agriculture Committee members and is bound to meet further strong resistance from the powerful sugar producers' lobby once the wheels for its submission are set in motion.

The plan as outlined last month by Mr Richard Lyng, the US agriculture secretary, is to reduce the sugar loan rate used to calculate the value of growers' collateral for federal loans from 18c to 12c a pound with immediate effect.

Farmers would initially be compensated for the lower rate through direct income aids to be phased out over a five-year period, while the total cost of these aids, critics estimate, would run to about $1.5bn as opposed to the present virtually cost-free arrangement, the plan would gradually permit domestic sugar prices to drop to world market levels to the benefit of consumers and would clearly obviate the need for import controls.

Such fundamental changes are necessary, Mr Lyng argues, "to rectify the excesses and adversities which have been encouraged by the existing legislation."

With the nominal market stabilisation price (calculated as the loan rate plus accrued interest, transportation and handling costs and an incentive factor) pitched at 21.78 cents a lb—nearly three times current world market levels—sugar is one of very few crops which it pays US farmers to produce.

Not surprisingly, output has been rising — inspite of declining domestic sugar consumption. Last year—one in which growing conditions were on the whole favourable — enough cane and beets were raised to produce 6.4m tonnes of sugar, the most since 1976, according to US Department of Agriculture figures.

Import quotas have been squeezed hard as a result, helping to push the respective sugar industries of many staunch (and impoverished) US allies, notably in the Caribbean and the Philippines, to the brink of collapse — to the intense embarrassment of the free trade-advocating administration.

In 1987, authorised shipments will be restricted to just over 1m tonnes — a swingeing 41 per cent cut from the year-earlier quota and the lowest level in nearly 100 years. If present trends continue, says Mr Lyng, "in another two years the existing sugar programme will make the US self sufficient in sweetener production for the first time in history."

US PER CAPITA CONSUMPTION OF SWEETENERS (lbs)

	Sugar	Corn	Other	Total
1980	83.6	40.2	8.9	132.8
1981	79.4	44.5	9.4	133.3
1982	73.7	48.2	10.7	132.6
1983	71.1	52.2	14.4	137.6
1984	67.7	57.9	17.2	142.7
1985	63.4	65.0	18.4	146.8

Source: USDA

At that point, the Administration argues, domestic producers would in any case have to cut back, assuming the decline in sugar consumption continues, because there would no longer be any imports to take up the slack.

The main trouble with the support level reductions currently proposed from the political viewpoint is that they promise to transport the domestic industry from riches to rags and obsolescence, when the protectionist clamour across a range of industries is increasing.

From a position of comfortable profitability, most domestic producers would be pitched into a hopeless struggle against low-cost, often subsidised, foreign competition.

Nor would the carnage be confined to sugar producers. Guaranteed high sugar prices have ironically provided the necessary cost margin for production of another sweetener—high fructose corn syrup (HFCS)—to increase substantially.

Indeed, it is rising consumption of corn (maize) sweeteners, rather than any souring of America's traditionally sweet tooth, which is primarily responsible for the decline, in sugar demand in recent year.

With HFCS production costs generally estimated at 12-15c a pound excluding the cost of capital, a substantial reduction in sugar prices would clearly impact heavily too on this largely US-based industry.

"If the proposals were to go through as the Administration wishes, it would not be favourable for us in the light of current world sugar prices," concurs Mr Kyd Brenner, of the Washington-based Corn Refiners Association. "I wouldn't say it would be the end but high-cost producers would be squeezed and low-cost producers would not necessarily pick up the slack," he says.

This means, of course, that any attempt to push the proposals through Congress will also encounter the opposition of the maize producers, who have shrewdly backed the sugar programme in its current form since 1981.

All things considered, it is highly questionable whether the Reagan Administration in its present state of disarray will enjoy any more success in coaxing Congress to back its forthcoming proposals than it has in past efforts to curry favour for phasing out sugar supports.

Aluminium prices fall as stocks rise

By Our Commodities Staff

ALUMINIUM prices fell sharply at the London Metal Exchange yesterday following provisional figures from the Institute of Primary Aluminium showing that western stocks had risen by 59,000 tonnes in January.

Traders' forecasts had ranged between a fall of 100,000 tonnes and an increase of 45,000 tonnes.

The news pushed prices down in early trading, before they rallied on covering purchases against probable April options declarations.

However, the rally soon lost momentum, with renewed selling and liquidation as speculators anticipated a close below the chart support point of £840 a tonne for three-months delivery, which they expected to trigger further selling.

In the event, both the three-month and cash prices closed down £12, at £837.50 and £877.50 respectively, leaving a cash premium of £40.

Malaysian tin output up

Peninsular Malaysian tin concentrates output rose to 3,734 tonnes, containing 2,809 tonnes of metal in January from 3,154 tonnes containing 2,372 tonnes of metal in December 1986, the statistics department show, Reuter reports.

Deliveries of concentrates to smelters in January fell slightly to 2,926 tonnes, containing 2,201 tonnes from 2,972 containing 2,235 of metal a month earlier.

The number of active mines rose to 218 from 197, comprising 31 dredges (same), 141 gravel pump mines (122) and 46 other mines (44).

WEEKLY METALS

All prices as supplied by Metal Bulletin (last week's prices in brackets).

ANTIMONY: European free market, 99.6 per cent, $ per tonne, in warehouse, 2,310-2,340 (2,320-2,350).

BISMUTH: European free market, min. 99.99 per cent, $ per lb, tonne lots in warehouse, 2.15-2.30 (2.20-2.30).

CADMIUM: European free market, min. 99.95 per cent, $ per lb, in warehouse, ingots, 0.89-0.93 (0.90-0.93), sticks, 0.89-0.93 (0.90-0.93).

COBALT: European free market, 99.5 per cent, $ per lb, in warehouse, 6.05-6.15 (6.10-6.20).

MERCURY: European free market, min. 99.99 per cent, $ per flask, in warehouse, 195-205 (195-203).

MOLYBDENUM: European free market, drummed molybdic oxide, $ per lb Mo, in warehouse, 3.10-3.15 (3.08-3.12).

SELENIUM: European free market, min. 99.5 per cent, $ per lb, in warehouse, 4.05-4.90 (4.00-4.90).

TUNGSTEN ORE: European free market, standard min. 65 per cent, $ per tonne unit WO, cif, 45-48 (42-48).

VANADIUM: European free market, min. 98 per cent V O, other sources, $ per lb V O, cif, 2.48-2.55 (2.48-2.53).

URANIUM: Nuexco exchange value, $ per lb, U O, 16.75 (16.65).

Peter Blackburn on Ghana's production revival

Cocoa's sleeping giant wakes up its ideas

AFTER MANY years of gloom a brighter mood is perceptible at the Ghana Cocoa Board's imposing headquarters in Accra as the recovery in production of the country's main export earner continues.

Output has already rallied from the 1983-84 low of 159,000 tonnes to reach 230,000 tonnes in 1985-86, according to Gill & Duffus, the London broker. And Mr Kwame Nini Owusu, the Cocoa Board's new chief executive, is confident that "within five years" the figure will be back to the 300,000 tonnes level last seen ten years ago.

Improvement in the production of cocoa, which yields some 60 per cent of the country's export earnings, is a vital part of Ghana's economic recovery programme.

"With the decline in world prices we must also produce more merely to maintain earnings," Mr Owusu points out. But increased output does not mean any drop in quality, he stresses.

Even after the recovery of the last few years Ghana's cocoa output is still only about half the size of the average crop of the 1960s when Ghana was the world's main producer. Its production peak of 557,000 tonnes was reached in 1964-65.

During the 1970s cocoa output declined steadily as a result of the erosion of real producer prices combined with long payment delays, lack of insecticides and other inputs and the deterioration of transport infrastructure.

The 1983-84 trough was partly the result of drought and bush fires, which exaggerated the downward trend.

Since then a World Bank sponsored rehabilitation programme has succeeded in turning the industry round.

Mr Owusu says that several important reforms helped in the improvement:

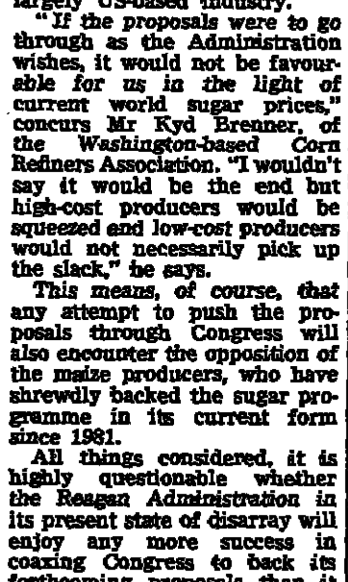
● Producer prices have increased seven-fold since 1982 and at the same time inflation has slowed dramatically.

Ghanaian farmers still receive only 47 per cent of the world cocoa market price, however. Mr Owusu says the eventual aim is to raise this to 60 per cent. Producer prices are due to be reviewed at the end of April and there is strong pressure that the increase should at least match the official inflation rate of 23 per cent.

If the Government proceeds with plans to put cocoa export earnings through the "second window" exchange rate of 152 cedis to the dollar instead of the present "first window" rate of 90 cedis the increase in producer prices will be substantially higher.

Even with the present price level about 30,000 hectares of new cocoa plantings are expected in 1986-87, according to Mr Owusu. "We can't cope with the demand for pods and seedlings," he says. Some 150,000 hectares of cocoa plantations damaged by bush fires in 1983 have been replanted, and the country's total cocoa plantation area is now estimated at 1m hectares.

● The Board is doubling, to 28, its fleet of mobile banks, making it easier for farmers in remote parts of the Western Region and Brong Ahafo to cash their cheques. The introduction of payment by cheque four years ago has been a big success. The old chit payment system had been much abused by unscrupulous Cocoa Board purchasing clerks.



● Cocoa farmers now have more to spend their earnings on. The Board has introduced a farmers welfare package deal whereby the empty returning cocoa lorries are filled with basic consumer items for sale at cost price.

The Board has also improved the supply of subsidised farm inputs such as insecticides and spraying machines. They are supplied on credit with repayment at harvest time.

● Various measures have been introduced to streamline and improve the Board's efficiency. Some 17,000 staff have been made redundant, reducing the total to 60,000, half the level five years ago. Another 13,000 are due to be laid off by the end of the 1986-87 season, Mr Owusu said.

The Board has sold 52 plantations while retaining 40 to be used as model farms.

In addition an insecticide formulation plant is being privatised and West Germany's Bayer company may take over control.

Meanwhile talks have been held with potential West German and Dutch partners for a joint venture to rehabilitate the West African Mills cocoa processing plant at Takoradi. The Board will retain control of its two other plants.

● Transporting of cocoa has been reorganised so that private road hauliers now carry about 35 per cent from the rural depots to the ports while another 25 per cent is taken by rail. The Board itself moves all cocoa from the farms to the depots, however. The rural tracks are usually in very poor condition and private transporters are not interested, Mr Owusu points out.

Since January 1987 the Government has taken over the maintenance of rural roads from the Board so that it can concentrate more fully on cocoa activities.

The ports of Takoradi and Tema are being rehabilitated to enable them to handle the increasing volume of cocoa and timber being exported.

● Increased supplies of consumer goods in rural areas has helped to reduce cocoa smuggling into the Ivory Coast and Togo to about 15,000 tonnes a year, according to Mr Owusu. This compares with an estimated 50,000 tonnes a year in the early 1980s.

However, poor roads in remote border regions often make it much easier to smuggle cocoa across the border rather than take the long and arduous route down to the ports.

LONDON MARKETS

SUGAR FUTURES prices were firmer on the London market yesterday, with nearby positions regaining about half of Monday's falls of nearly $5 a tonne. This reflected a stronger tone in New York, a reported plan by European traders to sell 1m tonnes into EEC intervention stores today and talk that Brazil had secured, or was near securing, deferment of a large contract due to be shipped to a European buyer this year. The planned intervention sales would be in protest at the operation of EEC export subsidy policy, which traders complain takes little or no account of market conditions. The Brazilian deferment is required because a crop shortfall following adverse growing conditions last year. At the London Metal Exchange the cash copper price was boosted by further signs of supply tightness. Traders noted isolated borrowing (buying cash and selling forward) which helped to turn a cash discount of £0.75 a tonne into a premium of £7.75 a tonne.

LME prices supplied by Amalgamated Metal Trading.

ALUMINIUM

	Unofficial close (p.m.) £ per tonne	+ or —	High/Low
Cash	877-8	—12	—
3 months	837.8	—12	843/830.5

Official closing (am): Cash 882-3 (891-2), three months 840.5-1 (860.5-1), settlement 883 (892). Final Kerb close: 830[illegible]. Turnover: 23,975 tonnes.

COPPER

LEAD

NICKEL

TIN

ZINC

GOLD

SILVER

RUBBER

MAIN PRICE CHANGES

OTHERS

	Mar. 10 1987	+ or —	Month ago
Cocoa Ft. May	£1317	+3.5	£1372
Coffee Ft. May	£1,312.5	+3.5	£1537
Cotton A Ind.*	63.15c	......	66.25c
Gas Oil Apr.	$147.5	—0.8	$149.5
Rubber (kilo)	60.5p	+0.5	67p
Sugar (raw)	$199.5z	—4.5	$191
Wooltops 64s	451p kilo	......	418p kilo

‡ Unquoted. † Per 75-lb flask. c Cents a pound. * Cotton outlook. v April. z March-April. x April-May. y May.

COFFEE

Moderate commission house buying tested overhead resistance levels but failed to break through, reports Drexel Burnham Lambert. By early afternoon the market had gained £30 from Monday's close but with a disappointing New York opening and London failing to break resistance levels, prices slowly started to erode, closing around unchanged on the day.

COFFEE	Yesterday close £ per tonne	+ or —	Business Done
Mar	1280-1290	—2.5	1320-1292
May	1310-1315	+3.5	1340-1318
July	1332-1340	+5.5	1357-1335
Sept	1358-1365	+5.5	1383-1355
Nov	1385-1390	+1.5	1406-1387
Jan	1415-1425	+7.5	1430-1420
Mar	1410-1450	+10.0	1442

Sales: 4,547 (3,596) lots of 5 tonnes.

ICO indicator prices (US cents per pound for March 9: Comp. daily 1979 100.47 (99.73); 15-day average 108.53 (110.53).

COCOA

After opening a little easier, as due, futures gained ground and closed at the highs. Physical activity was restricted to light consumer buying of products, producers remained withdrawn, reports Gill and Duffus.

	Yesterday's close £ per tonne	+ or —	Business done
March	1288-1289	+3.0	1290-1281
May	1316-1318	+3.5	1319-1307
July	1346-1349	+4.0	1347-1337
Sept	1368-1369	+2.0	1371-1362
Dec	1391-1392	—0.5	1394-1387
March	1415-1416	—	1416-1410
May	1435-1436	—1.5	1436-1431

Sales: 1,936 (3,363) lots of 10 tonnes.

ICCO indicator prices (SDR's per tonne). Daily price for March 10: 1,607.03 (1,604.44); 10-day average for March 11: 1,577.55 (1,572.90).

POTATOES

Morning trade showed strong buying, especially on the May position, but profit-taking on April led to stop-loss levels being hit. Buying support was found to be thin and values fell sharply on April, with May following to a limited extent. At the close April looked weak, with jobbers scrambling for cover, while May still appeared to hold some of the underlying support, reports Coley and Harper.

Month	Yesterday's close	Previous close	Business done
	£ per tonne		
Apr	168.50	171.80	175.50-166.50
May	186.50	184.30	188.00-184.70
Nov	93.10	93.00	193.00-192.80
Feb	102.40	100.80	102.90-102.50
Apr	126.00	128.50	128.90-127.80

Sales: 2,153 (866) lots of 40 tonnes.

SUGAR

Reports that 1m tonnes of EEC Whites would be placed into intervention stimulated keen short-covering which lifted prices, reports C. Czarnikow.

No. 6 Contract	Y'sterd'ys close	Previous close	Business done
	$ per tonne		
May	196.4-196.8	183.0-183.2	197.2-191.8
Aug	192.0-192.2	184.9-184.4	193.8-192.8
Oct	186.6-189.8	186.2-186.4	190.6-186.8
Dec	191.0-192.8	189.0-190.4	—
Mar	194.8-195.6	191.6-191.8	194.2-194.0
May	196.8-197.2	193.8-194.2	—
Aug	199.4-200.0	196.8-196.8	—

Sales: 2,181 (3,331) lots of 50 tonnes.

LONDON DAILY PRICE—Raw sugar $199.50 (£126.00), down $4.50 (down £2.00) a tonne for March-April delivery. White sugar $214.00, down $2.50.

Tate and Lyle delivery price for granulated basis sugar was £232.00 (£235.00) a tonne for export.

International Sugar Agreement—(US cents per pound fob and stowed Caribbean ports). Prices for March 9: Daily price 7.99 (8.15); 15-day average 7.81 (7.57).

PARIS—(FFr per tonne): May 1353-1355, Aug 1376-1380, Oct 1395-1403, Dec 1415-1436, March 1451-1470, May 1483-1495.

SOYABEAN MEAL

Prices moved higher on option hedge buying in thin conditions with only light scale-up professional selling, reports Muirpace.

	Y'sterd'ys close £ per tonne	+ or —	Business done
April	125.5-124.5	+0.75	124.0
June	112.0-115.8	+1.00	112.5-112.0
August	109.5-110.5	+0.75	809.5
October	110.8-111.0	+0.45	—
Dec	111.5-113.8	+0.40	—
Feb	114.5-118.6	+0.75	—
April	115.8-118.8	+0.58	—

Sales: 126 (96) lots of 20 tonnes.

JUTE

JUTE—March/April, c and f Dundee: BTC $445, BWC $440, BTD $355, BWD $350; c and f Antwerp: BTC $405, BWC $400, BWD $340, BTD $345.

INDICES

REUTERS

DOW JONES

US MARKETS

EARLY TRADE buying in gold futures rallied prices before trade and commission house selling prompted local selling, reports Drexel Burnham Lambert. Late in the session, locals covered their shorts to rally prices off the lows. Silver and platinum futures lacked any significant feature, but in copper early trade selling was counter-balanced by fund buying prompting the locals to buy which kept the market steady for the rest of the day. Crude oil futures were dominated by local short-covering in light volume as the market traded higher. The trade was a light buyer, selling came mainly from mixed profit-taking, although indications were that the trade would be a seller above the highs. Coffee futures recovered on mixed short-covering and light roaster price-fix buying. In sugar futures early trade buying was met by producer price-fix selling which depressed prices, holding them to a narrow range for the rest of the day. Cocoa futures rallied on short-covering by speculators anticipating a positive result from next week's ICCO meeting which could lead to a commencement of buying by the buffer-stock manager. The grains were easier across the board, with light commercial selling and long-liquidation in the absence of fresh news. Cattle futures steadied, reflecting tighter supplies despite slower retail business. Hogs and pork bellies underwent minor technical reactions.

NEW YORK

ALUMINIUM 40,000 lb, cents/lb

	Close	Prev	High	Low
March	59.25	60.50	—	—
May	58.75	60.00	60.00	58.75
July	57.50	59.00	57.50	57.30
Sept	56.50	58.00	58.00	58.00
March	56.45	57.95	—	—
May	56.45	57.95	—	—
July	56.45	57.95	—	—

COCOA 10 tonnes, $/tonnes

	Close	Prev	High	Low
March	1898	1887	1900	1890
May	1929	1918	1938	1914
July	1951	1944	1960	1938
Sept	1979	1970	1984	1964
Dec	2004	1992	2008	1990

CHICAGO

FREIGHT FUTURES

GRAINS

OIL

GAS OIL FUTURES

HEAVY FUEL OIL

هكذا من الأصل

CURRENCIES, MONEY & CAPITAL MARKETS

FOREIGN EXCHANGES

Pound steady at lower level

STERLING FINISHED little changed from a weaker opening in currency markets yesterday. A brief attempt to rally during the morning met only with partial success after Monday's half-point cut in UK clearing bank base rates. However the pound retained its bullish undertone and there was little concern about yesterday's performance because a period of consolidation had been expected after its recent sharp rise. In addition there were growing signs that the UK administration had some form of upper limit for sterling and this also tended to inhibit investors from running too long on sterling. However it retained a firm undertone, helped by a small rise in North Sea oil prices and the latest opinion poll which gave the Conservative Party a clear lead.

On Bank of England figures, the pound's exchange rate index finished unchanged from the opening at 72.1, having touched an early high of 72.3. On Monday it closed at 72.4. Against the dollar it eased to $1.5845 from $1.5880 and DM 2.9400 compared with DM 2.9450. It was also weaker in terms of the yen at Y243.50 from Y244.25. Elsewhere it fell to SFr 2.4750 from SFr 2.4850 and FFr 9.7850 from FFr 9.8025.

The dollar finished little changed on the day after showing a slightly firmer tendency overnight. Trading remained dull and featureless with the fear of central bank intervention limiting any thoughts of pushing the dollar weaker while persistent selling greeted any attempt to push the US unit firmer. Economic statistics due for release this week include producer prices, retail sales and industrial production. While unlikely to overcome the market's current inertia, the figures may provide a better clue on the overall performance of the US economy.

The dollar closed at DM 1.8555, hardly changed from Monday's close of DM 1.8550. It was also little changed against the yen at Y153.60 from Y153.80. Elsewhere it finished at SFr 1.5625 from SFr 1.5650 and FFr 6.1750 from FFr 6.1725. On Bank of England figures, the dollar's exchange rate index fell to 104.3 from 104.5

D-MARK—Trading range against the dollar in 1986-87 is 2.4710 to 1.7870. February average 1.8234. Exchange rate index 146.8 against six months ago.

There was no intervention by the Bundesbank at yesterday's fixing in Frankfurt when the dollar was quoted at DM 1.8578 compared with DM 1.8515 on Monday. However it was below its best level and fell away during the afternoon as persistent profit taking effectively ruled out any real attempt to push the US unit outside its recent trading range. News that West German 4th quarter GNP showed no growth appeared to have little effect. Nor did a downward revision in the 1986 figure to a rise of 2.4 per cent.

JAPANESE YEN—Trading range against the dollar in 1986-87 is 202.70 to 151.30. February average 153.36. Exchange rate index 209.8 against 217.4 six months ago.

Trading was extremely dull and featureless in Tokyo. The dollar closed at Y153.85 compared with Y153.90 in New York and Y153.75 in Tokyo on Monday. Once against the dollar's narrow trading range was governed on the downside by fears of central bank intervention while persistent selling accompanied any attempt at a rally.

£ IN NEW YORK

Mar 10	Latest	Previous Close
£ Spot	1.5855-1.5865	1.5875-1.5855
1 month	0.55-0.52 pm	0.57-0.56 pm
3 months	1.41-1.37 pm	1.43-1.40 pm
12 months	4.60-4.50 pm	4.70-4.60 pm

Forward premiums and discounts apply to the U.S. dollar.

		Mar. 10	Previous
8.30	am	72.1	71.9
9.00	am	72.3	72.1
10.00	am	72.0	72.2
11.00	am	72.1	72.4
Noon		72.2	72.4
1.00	pm	72.1	72.5
2.00	pm	72.1	72.4
3.00	pm	72.1	72.3
4.00	pm	72.1	72.4

CURRENCY RATES

Mar. 10	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	—	0.79293	0.706855
U.S. Dollar	5.5	1.2595	1.11930
Canadian $	7.54	*	1.49382
Austrian Sch.	4	16.4479	14.6092
Belgian Franc	8½	48.4187	43.0205
Danish Krone	7	8.79768	7.80827
Deutsche Mark	3.0	2.33992	2.07765
Neth. Guilder	4½	2.64371	2.34662
French Franc	9½	7.78251	6.91339
Italian Lira	12	N/A	1476.36
Japanese Yen	2½	193.839	171.891
Norway Krone	8	8.81279	7.82002
Spanish Peseta	—	163.864	145.556
Swedish Krona	7½	8.15533	7.24414
Swiss Franc	3.5	1.97113	1.74891
Greek Drach.	20½	170.848	152.046
Irish Punt	—	0.874053	0.776756

*CS/SDR rate for Mar. 9; 1.68362

CURRENCY MOVEMENTS

March 10	Bank of England Index	Morgan Guaranty Changes %
Sterling	72.1	−21.6
U.S. Dollar	104.3	−2.9
Canadian Dollar	78.4	−10.5
Austrian Schilling	137.9	+10.2
Belgian Franc	100.0	−4.4
Danish Krone	93.1	+3.7
Deutsche Mark	146.8	+21.5
Swiss Franc	170.1	+20.7
Guilder	134.3	+13.9
French Franc	71.7	−12.8
Lira	48.1	−16.7
Yen	209.8	+56.4

Morgan Guaranty changes: average 1980-1982=100. Bank of England Index (Base average 1975=100).

OTHER CURRENCIES

Mar. 10	£	$
Argentina	2.4320-2.4445	1.5350-1.5410
Australia	2.3165-2.3195	1.4625-1.4635
Brazil	32.1000-32.1200	20.2720-20.3730
Finland	7.1905-7.2030	4.5370-4.5390
Greece	213.30-217.10	134.65-136.95
Hong Kong	12.3610-12.3730	7.8010-7.8030
Iran	116.40*	72.50*
Korea (Sth)	1348.00-1360.20	851.10-858.10
Kuwait	0.43930-0.44000	0.27720-0.27740
Luxembourg	60.80-60.90	38.35-38.45
Malaysia	4.0120-4.0225	2.5325-2.5345
N. Zealand	2.7910-2.7985	1.7615-1.7645
Saudi Ar.	5.9435-5.9490	3.7500-3.7510
Singapore	3.4000-3.4070	2.1455-2.1475
S. Af. (Cm)	3.3005-3.3235	2.0900-2.0940
S. Af. (Fn)	5.8720-6.0970	3.7040-3.8460
Taiwan	54.95-55.20	34.75-34.85
U.A.E.	5.8210-5.8260	3.6725-3.6735

* Selling rate.

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu central rates	Currency amounts against Ecu March 10	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	42.4582	43.0205	+1.32	+1.53	±1.5344
Danish Krone	7.85212	7.80827	−0.56	−0.35	±1.6404
German D-Mark	2.05853	2.07765	+0.93	+1.14	±1.0981
French Franc	6.90403	6.91339	+0.14	+0.35	±1.3674
Dutch Guilder	2.31943	2.34662	+1.17	+1.38	±1.5012
Irish Punt	0.768411	0.776756	+1.09	+1.30	±1.6684
Italian Lira	1483.58	1476.36	−0.49	−0.49	±4.0752

Changes are for Ecu, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

POUND SPOT—FORWARD AGAINST THE POUND

Mar. 10	Day's spread	Close	One month	% p.a.	Three months	% p.a.
US	1.5800-1.5860	1.5840-1.5850	0.55-0.52 c pm	4.05	1.41-1.36 pm	3.50
Canada	2.1138-2.1184	2.1150-2.1160	0.58-0.48 c pm	3.01	1.37-1.21 pm	2.44
Neth'lands	3.31-3.33¾	3.32-3.33	1½-1⅜ c pm	5.19	4-3⅞ pm	4.59
Belgium	60.68-61.08	60.80-60.90	17-14 c pm	3.06	40-35 pm	2.47
Denmark	11.02¾-11.10½	11.04½-11.05½	⅝-1⅝ ore dis	−1.09	3⅞-4⅞ dis	−1.58
Ireland	1.0960-1.1050	1.0980-1.0990	0.25-0.40 p dis	−3.55	0.75-1.05 dis	−3.28
W. Germany	2.93-2.95	2.93½-2.94½	1¾-1⅝ pf pm	6.89	4⅝-4½ pm	6.04
Portugal	224.77-225.92	224.80-225.70	77-161 c dis	−6.35	269-435 dis	−6.26
Spain	205.60-206.56	205.60-205.90	55-79 c dis	−3.91	176-220 dis	−3.85
Italy	2082-2095¾	2087½-2088½	2-par lire pm	0.57	2pm-2lire dis	—
Norway	11.04¾-11.10¾	11.05½-11.06½	3¾-4¼ ore dis	−4.00	12-13 dis	−4.52
France	9.75½-9.81¾	9.78-9.79	2½-1⅞c pm	2.68	5¼-4⅞ pm	1.97
Sweden	10.23¾-10.28¾	10.25-10.26	½-1¼ ore dis	−0.95	1⅞-2⅞ dis	−0.78
Japan	242¾-244	243-244	1⅜-1¼ y pm	6.16	3⅝-3½ pm	5.75
Austria	20.62-20.72	20.62-20.65	11⅝-10⅛gro pm	6.40	28½-26½ pm	5.29
Switzerland	2.46½-2.48¾	2.47-2.48	1½-1¼ c pm	6.67	3¾-3½ pm	5.86

Belgian rate is for convertible francs. Financial franc 61.05-61.15. Six-month forward dollar 2.60-2.55 c pm 12-month 4.58-4.48 c pm.

DOLLAR SPOT—FORWARD AGAINST THE DOLLAR

Mar. 10	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.5800-1.5860	1.5840-1.5850	0.55-0.52c pm	4.05	1.41-1.36pm	3.50
Ireland†	1.4365-1.4445	1.4400-1.4410	0.99-0.94c pm	8.05	2.68-2.56 pm	7.29
Canada	1.3342-1.3358	1.3345-1.3355	0.10-0.13c dis	−1.03	0.33-0.38 dis	−0.06
Netherlands	2.0900-2.1035	2.0980-2.0990	0.19-0.16c pm	1.00	0.55-0.50pm	1.00
Belgium	38.30-38.56	38.35-38.45	3½-4½c dis	−1.25	9½-12½ dis	−1.14
Denmark	6.95½-7.00¼	6.97-6.97½	2.60-3.30ore dis	−5.07	8.30-9.00 dis	−4.95
W. Germany	1.8495-1.8625	1.8550-1.8560	0.43-0.40pf pm	2.68	1.17-1.12 pm	2.47
Portugal	141¾-142½	141¾-142	90-140c dis	−9.70	270-370 dis	−9.00
Spain	129.77-130.30	129.90-130.00	130-135c dis	−12.22	225-245 dis	−7.22
Italy	1314-1323½	1317¼-1318¼	4-4½lire dis	−3.86	11-13 dis	−3.64
Norway	6.97¼-7.00½	6.97¾-6.98¼	4.60-5.10ore dis	−8.32	14.15-14.65dis	−8.23
France	6.15¾-6.20	6.17¼-6.17¾	0.72-0.87c dis	−1.54	2.45-2.70 dis	−1.67
Sweden	6.45½-6.49	6.47-6.47½	2.50-2.80ore dis	−4.91	6.80-7.20 dis	−4.32
Japan	153.35-153.95	153.55-153.65	0.27-0.25y pm	1.95	0.85-0.80 pm	2.15
Austria	13.00¾-13.08¾	13.02¼-13.02¾	2.60-2.10gro pm	2.16	6.00-5.00 pm	1.68
Switzerland	1.5670-1.5705	1.5620-1.5630	0.28-0.25c pm	1.96	0.90-0.85 pm	2.24

† UK and Ireland are quoted in US currency. Forward premiums and discounts apply to the US dollar and not to the individual currency. Belgian rate is for convertible francs. Financial franc 38.50-38.60.

EURO-CURRENCY INTEREST RATES

Mar. 10	Short term	7 Days' notice	One Month	Three Months	Six Months	One Year
Sterling	11-11¼	11 3/16-11 1/16	10 7/16-10 5/16	10-10⅛	9 15/16-9 13/16	9¾-9⅝
U.S. Dollar	6 7/16-6 5/16	6⅜-6¼	6 7/16-6 5/16	6⅝-6½	6⅝-6½	6½-6⅝
Can. Dollar	7-7¼	7-7¼	7⅛-7¼	7 3/16-7 1/16	7 3/16-7 1/16	7¼-7⅜
D. Guilder	5⅛-5⅜	5¼-5⅜	5⅜-5½	5⅜-5½	5 7/16-5 5/16	5 7/16-5 5/16
Sw. Franc	2¼-2½	1⅝-1¾	4½-4⅝	4 3/16-4¼	4 1/16-4⅛	3 15/16-4 1/16
Deutschmark	3 13/16-3 11/16	3⅞-4	3⅞-3 13/16	3 15/16-4	3 15/16-4 1/16	4⅛-4 3/16
Fr. Franc	7⅝-7¾	7¼-7⅞	7⅞-8	8-8⅛	8⅛-8¼	8¼-8⅜
Italian Lire	9-10	9¾-10¼	9¾-10¼	9¾-10¼	9⅞-10¼	9¾-10¼
B. Fr. (Fin.)	7½-7¾	7½-7¾	7½-7¾	7½-7¾	7½-7¾	7½-7¾
B. Fr. (Con.)	7¼-7¾	7½-8	7⅝-7¾	7⅝-7¾	7⅝-7¾	7⅝-7¾
Yen	4-4⅛	4⅛-4¼	4 13/16-4 11/16	4⅜-4½	4 5/16-4⅜	4 5/16-4⅜
D. Krone	11¼-11⅝	11¼-11⅝	11¼-11⅝	11¼-11⅝	11¼-11⅝	11¼-11⅝
Asian $ (Sing.)	1-1¼	N/A	3 5/16-3 3/16	3 5/16-3 3/16	3 5/16-3 3/16	3⅝-3¾

Long-term Eurodollars: Two years 6⅝-6⅞ per cent; three years 7-7¼ per cent; four years 7⅜-7⅝ per cent; five years 7½-7¾ per cent nominal. Short-term rates are call for US Dollars and Japanese Yen; others, two days' notice.

EXCHANGE CROSS RATES

Mar. 10	£	$	DM	YEN	F Fr.	S Fr.	H Fl.	Lira	C $	B Fr.
£	1.	1.585	2.940	243.5	9.785	2.475	3.325	2088.	2.116	60.85
$	0.631	1.	1.856	153.6	6.175	1.563	2.099	1318.	1.335	38.40
DM	0.340	0.539	1.	82.82	3.328	0.842	1.131	710.2	0.720	20.70
YEN	4.107	6.507	12.07	1000.	40.18	10.16	13.66	8575.	8.688	249.9
F Fr.	1.022	1.619	3.005	248.9	10	2.529	3.398	2134.	2.162	62.19
S Fr.	0.404	0.640	1.188	98.38	3.954	1.	1.343	843.6	0.855	24.59
H Fl.	0.301	0.477	0.884	73.25	2.943	0.744	1.	628.0	0.636	18.30
Lira	0.479	0.759	1.408	116.6	4.686	1.185	1.592	1000.	1.013	29.14
C $	0.473	0.749	1.390	115.1	4.625	1.170	1.572	987.0	1.	28.76
B Fr.	1.643	2.604	4.832	400.2	16.08	4.067	5.464	3431.	3.477	100.

Yen per 1,000: French Fr per 10: Lira per 1,000: Belgian Fr per 100.

MONEY MARKETS

Rates fall again

INTEREST RATES continued to fall on the London money market yesterday, in spite of Monday's announcement of a cut in UK bank base rates. As dealers looked for another ½ per cent reduction in base rates around the time of next week's Budget three-month interbank declined to 10⅛-10 per cent from 10 5/16-10 3/16 per cent.

The Bank of England found the discount houses still reluctant to sell longer dated bills to relieve the day-to-day credit shortage. Assistance of only £267m was provided, on a forecast shortage of £350m, mainly through official purchases of short dated band 1 and 2 bills.

Before lunch the authorities bought £57m bills outright, by way of £26m bank bills in band 1 at 10⅝ per cent, and £31m bank bills in band 2 at 10 9/16 per cent.

In the afternoon the Bank of England purchased £200m bills outright, through £20m local authority bills in band 1 at 10⅝ per cent; £125m bank bills in band 1 at 10⅝ per cent; and £55m bank bills in band 2 at 10 9/16 per cent.

Late assistance of around £10m was also provided.

Bills maturing in official hands, repayment of late assistance and a take-up of Treasury bills drained £770m, with bank balances below target absorbing £75m. These outweighed Exchequer transactions adding £465m to liquidity and a fall in the note circulation of £55m.

In Frankfurt the West German Bundesbank provided a large amount of liquidity for the domestic money market, to offset liabilities incurred by foreign central banks earlier this year. These liabilities are now leaking back into the Frankfurt money market.

The Bundesbank accepted bids of DM 15.2bn at yesterday's tender for a 35-day securities repurchase agreement, at a rate of 3.80 per cent. Bids totalled DM 21.7bn, and the successful applicants will receive the money today, and must buy back the securities on April 15.

The allocation was much higher than the DM 8.5bn leaving the market through an earlier expiring agreement because foreign central banks had borrowed funds to sell on the foreign exchanges against the dollar and their own currencies at the beginning of the year, when there was pressure on the intervention limits within the European Monetary System.

Under the terms of the European Monetary Cooperation Fund such borrowing's have to be settled after 45 days, and funds drawn down immediately ahead of the EMS realignment on January 12 are now falling due.

Call money in Frankfurt was unchanged at 3.85 per cent, in reaction to the technical nature of the Bundesbank's action.

UK clearing bank base lending rate 10½ per cent since March 10

FT LONDON INTERBANK FIXING

(11.00 a.m. Mar. 10) 3 months U.S. dollars		6 months U.S. dollars	
bid 6⅜	offer 6½	bid 6½	offer 6⅝

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11.00 a.m. each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

MONEY RATES

NEW YORK (Lunchtime)

Prime rate	7½
Broker loan rate	7½-7
Fed. funds	6
Fed funds at intervention	6 1/16

Treasury Bills and Bonds

One month	5.37	Three year	6.56
Two month	5.64	Four year	6.72
Three month	5.81	Five year	6.82
Six month	5.87	Seven year	7.02
One year	6.04	10 year	7.22
Two year	6.42	30 year	7.52

Mar. 10	Overnight	One Month	Two Months	Three Months	Six Months	Lombard Intervention
Frankfurt	3.80-3.90	3.90-4.00	3.90-4.00	3.90-4.05	3.90-4.05	5.0
Paris	7¾-7 13/16	7 13/16-7 11/16	7 13/16-7 11/16	7 13/16-7 11/16	8-8⅛	7¾
Zurich	⅞-1⅛	4½-4⅝	—	4¼-4⅜	—	—
Amsterdam	5 3/16-5 1/16	5⅜-5½	—	5⅜-5½	—	—
Tokyo	3.84375	4.15625	—	3.96875	—	—
Milan	11¾-11⅞	11¼-11⅝	—	11¼-11½	—	—
Brussels	5.75	7⅝-7¾	—	7⅝-7¾	—	—
Dublin	14½-14¾	14½-14¾	13¾-14	13¾-14	13-13¾	—

LONDON MONEY RATES

Mar. 10	Overnight	7 days notice	Month	Three Months	Six Months	One Year
Interbank	11¼-10½	11¼-11	10⅝-10½	10¼-10	10 3/16-9⅞	9 15/16-9 13/16
Sterling CDs	—	—	10 11/16-10 9/16	10 1/16-9 15/16	9 15/16-9 13/16	9¾-9⅝
Local Authority Deposits	11¼-10¾	11-10¾	10½-10⅜	10⅛-10	9 15/16-9 13/16	9 13/16-9¾
Local Authority Bonds	—	—	10⅝	10¼	10⅛	9⅝
Discount Mkt Deposits	11½-10½	11	10¾	9⅞	—	—
Company Deposits	11-10¾	11¼	10¾-10⅝	10¼	10⅛	10
Finance House Deposits	—	—	10⅝	10¼	10⅛	10
Treasury Bills (Buy)	—	—	10 3/16	9 13/16	—	—
Bank Bills (Buy)	—	—	10 5/16	9 15/16	9 9/16	—
Fine Trade Bills (Buy)	—	—	10 13/16	10⅛	10⅜	—
Dollar CDs	—	—	6.45-6.40	6.40-6.35	6.40-6.35	6.50-6.45
SDR Linked Deposits	—	—	6⅛-6	6⅛-5 15/16	6⅛-5 15/16	6⅛-5 15/16
ECU Linked Deposits	—	—	7 5/16-7 3/16	7¼-7⅛	7¼-7⅛	7¼-7⅛

Treasury Bills (sell); one-month 10 3/16 per cent; three-months 9 11/16 per cent; Bank Bills (sell): one-month 10 5/16 per cent; three months 9 15/16 per cent; Treasury Bills; Average tender rate of discount 9.6665 p.c. ECGD Fixed Finance Scheme IV reference date January 31 to February 27 (inclusive): 10.896 per cent. Local Authority and Finance Houses seven days' notice, others seven days' fixed. Finance Houses Base Rate 11 per cent from March 1, 1987: Bank Deposit Rates for sums at seven days' notice 4.35-4.375 per cent. Certificates of Tax Deposit (Series 6): Deposit £100,000 and over held under one month 8½ per cent; one-three months 8½ per cent; three-six months 9 per cent; six-nine months 9 per cent; nine-12 months 9 per cent; Under £100,000 8½ per cent from March 6. Deposits held under Series 5 10¼ per cent. Deposits withdrawn for cash 5 per cent.

FINANCIAL FUTURES

Gilts recover

LONG TERM gilt futures recovered strongly on the London International Financial Futures Exchange yesterday. The contract again traded actively at over 30,000 lots. June delivery long gilt futures opened firm at 121-08, and dealers said the market's tone was set early on, when it became clear that overseas investors were keen to support prices at the present level.

There was strong demand from Japanese investment houses, forcing any holders of short position overnight to cover. In the present circumstances traders can see few downside worries for long gilt futures, and continue to look for lower London interest rates.

The only background fear is that next week's Budget might disappoint, by giving away too much in terms of lower taxation and not reducing the public sector borrowing requirement, and thus not giving the expected room for another cut in clearing bank base rates.

In the present circumstances dealers are hardly considering this as a possibility however, and with sterling maintaining a firm undertone in spite of this week's cut in base rates, the main question in the market yesterday was whether the Budget would bring another reduction of ½ per cent in base rates or allow a fall of 1 per cent to 9½ per cent.

Against this background and strong overseas support June long gilts rose to a peak of 122-24, and closed at 122-22, compared with 121-00 on Monday.

Three-month sterling deposit futures recovered from a weaker opening of 90.55 for June delivery. The contract shrugged off a slightly weaker early rate for sterling and also responded to the firm undertone for the currency during the rest of the day, rising to close at the day's high of 90.67, compared with 90.57 previously.

LIFFE LONG GILT FUTURES OPTIONS

Strike Price	Calls—Last June	Calls—Last Sept	Puts—Last June	Puts—Last Sept
112	10.49	10.52	0.05	0.22
114	8.52	9.04	0.08	0.38
116	7.00	7.28	0.20	0.62
118	5.20	5.62	0.40	1.32
120	3.50	4.48	1.06	2.18
122	2.39	3.40	1.59	3.10
124	1.45	2.48	3.01	4.18
126	1.04	2.00	4.24	5.34

Estimated volume total, Calls 2,933 Puts 558
Previous day's open int: Calls 14,244 Puts 8,502

LIFFE US TREASURY BOND FUTURES OPTIONS

Strike Price	Calls—Last June	Calls—Last Sept	Puts—Last June	Puts—Last Sept
92	8.15	7.34	0.01	0.24
94	6.19	5.55	0.05	0.45
96	4.31	4.25	0.17	1.15
98	2.58	3.10	0.44	2.00
100	1.43	2.10	1.29	3.00
102	0.54	1.26	2.40	4.16
104	0.23	0.56	4.09	5.46
106	0.09	0.33	5.59	7.23

Estimated volume total, Calls 10 Puts 10
Previous day's open int: Calls 216 Puts 211

LIFFE FT-SE 100 INDEX FUTURES OPTIONS

Strike Price	Calls—Last March	Calls—Last April	Puts—Last March	Puts—Last April
19000	9.43	13.45	0.43	0.95
19250	7.33	11.41	0.83	1.41
19500	5.46	9.53	1.46	2.03
19750	3.88	7.82	2.38	2.82
20000	2.61	6.30	3.61	3.80
20250	1.66	4.98	5.16	4.98
20500	1.00	3.86	7.00	6.36
20750	0.56	2.93	9.067	7.93

Estimated volume total, Calls 13, Puts 1
Previous day's open int, Calls 658 Puts 576

LONDON SE £/$ OPTIONS
£12,500 (cents per £1)

Strike Price	Calls—Last Mar.	Calls—Last Apr.	Calls—Last May	Calls—Last June	Puts—Last Mar.	Puts—Last Apr.	Puts—Last May	Puts—Last June
1.35	15.70	—	—	13.90	0.25	—	—	0.80
1.40	18.60	18.60	18.60	16.60	0.30	0.30	0.30	0.50
1.45	13.60	13.60	13.60	11.60	0.30	0.30	0.35	0.75
1.50	8.60	8.60	8.60	6.80	0.30	0.40	0.80	1.70
1.55	3.50	4.00	4.60	5.40	0.30	1.15	2.10	3.80
1.60	0.40	1.40	1.90	2.75	2.00	3.50	4.70	7.00
1.65	1.50	—	—	1.90	20.20	—	—	21.40

Previous day's open int: Calls 1128 Puts 370
Volume: 19

LIFFE £/$ OPTIONS
£25,000 (cents per £1)

Strike Price	Calls—Last Mar.	Calls—Last Apr.	Calls—Last May	Calls—Last June	Puts—Last Mar.	Puts—Last Apr.	Puts—Last May	Puts—Last June
1.30	28.50	—	—	28.50	0.00	—	—	0.00
1.35	23.50	—	—	23.50	0.00	—	—	0.01
1.40	18.50	18.50	18.50	18.50	0.00	0.00	0.00	0.07
1.45	13.50	13.50	13.50	13.50	0.00	0.00	0.04	0.32
1.50	8.50	8.50	8.50	8.50	0.00	0.10	0.32	1.06
1.55	3.50	3.76	3.86	4.65	0.02	0.83	1.43	2.65
1.60	0.18	1.12	1.42	2.31	1.79	3.19	3.99	5.31

Estimated volume total, Calls 0, Puts 0
Previous day's open int, Calls 776, Puts 1,999

LIFFE—EURODOLLAR OPTIONS
$1m points of 100%

Strike Price	Calls—Last Mar.	Calls—Last June	Calls—Last Sept.	Calls—Last Dec.	Puts—Last Mar.	Puts—Last June	Puts—Last Sept.	Puts—Last Dec.
93.00	0.52	0.59	0.65	—	0.00	0.03	0.09	—
93.25	0.27	0.38	0.46	—	0.00	0.07	0.15	—
93.50	0.06	0.22	0.31	—	0.04	0.16	0.25	—
93.75	0.00	0.10	0.19	—	0.23	0.29	0.38	—
94.00	0.00	0.04	0.10	—	0.48	0.48	0.54	—
94.25	0.00	0.01	0.05	—	0.73	0.70	0.74	—
94.50	0.00	0.00	0.02	—	0.98	0.94	0.96	—

Previous day's open int: Calls 2,105, Puts 2,394
Estimated volume, Calls 0, Puts 0

PHILADELPHIA SE £/$ OPTIONS
£12,500 (cents per £1)

Strike Price	Calls—Last Mar.	Calls—Last Apr.	Calls—Last May	Calls—Last June	Puts—Last Mar.	Puts—Last Apr.	Puts—Last May	Puts—Last June
1.400	18.40	17.45	—	18.00	—	0.05	—	0.05
1.450	10.60	12.50	15.00	13.00	—	0.05	0.15	0.35
1.475	10.99	10.60	—	10.60	—	0.05	0.30	0.60
1.500	8.05	7.80	8.10	8.20	—	0.15	0.60	1.00
1.525	5.70	5.60	6.00	6.10	—	0.30	1.05	1.60
1.550	3.10	3.70	4.30	4.50	—	0.75	1.80	2.40
1.575	1.00	2.05	2.70	3.20	0.30	1.65	2.90	3.60

Previous day's open int: Calls 71,922, Puts 61,779
Previous day's volume, Calls 2,563 Puts 1,370

LONDON

20-YEAR 12% NOTIONAL GILT
£50,000 32nds of 100%

	Close	High	Low	Prev.
March	122-13	122-12	121-05	120-24
June	122-22	122-24	121-05	121-00
Sept.	120-16	—	—	120-26
Dec.	122-23	—	—	121-01

Estimated volume 30,272 (32,587)
Previous day's open int. 18,385 (16,853)

10% NOTIONAL SHORT GILT
£100,000 64ths of 100%

	Close	High	Low	Prev.
March	101-19	—	—	101-23

Estimated Volume 0 (0)
Previous day's open int. 64 (64)

THREE-MONTH STERLING
£500,000 points of 100%

	Close	High	Low	Prev.
March	89.96	89.99	89.86	89.91
June	90.67	90.68	90.52	90.57
Sept.	90.84	90.85	90.74	90.78
Dec.	90.82	90.84	90.72	90.78
March	90.67	90.69	90.69	90.63
June	90.50	90.52	90.52	90.46

Estimated Volume 5,158 (7,916)
Previous day's open int. 24,877 (—)

FT-SE 100 INDEX
£25 per full index point

	Close	High	Low	Prev.
March	199.00	199.20	197.20	196.80
June	202.50	202.80	201.00	200.30

Estimated volume 836 (1,250)
Previous day's open int. 4,848 (5,065)

THREE-MONTH EURODOLLAR
$1m points of 100%

	Close	High	Low	Prev.
March	93.52	93.55	93.52	93.54
June	93.56	93.58	93.54	93.56
Sept.	93.56	93.58	93.54	93.56
Dec.	93.48	93.50	93.47	93.47
March	93.33	93.36	93.31	93.32
June	93.14	93.16	93.16	93.13
Sept.	92.93	—	—	92.92
Dec.	92.72	—	—	92.71

Estimated volume 4,683 (5,562)
Previous day's open int. 27,053 (—)

U.S. TREASURY BONDS 8%
$100,000 32nds of 100%

	Close	High	Low	Prev.
March	101-11	101-11	101-06	101-01
June	100-07	100-08	99-31	99-27
Sept.	99-05	—	—	98-25

Estimated Volume 1,790 (3,027)
Previous day's open int. 3,438 (3,268)

CURRENCY FUTURES

POUND—$ (FOREIGN EXCHANGE)

Spot	1-mth.	3-mth.	6-mth.	12-mth.
1.5845	1.5792	1.5707	1.5588	1.5392

IMM—STERLING $s per £

	Latest	High	Low	Prev
Mar.	—	1.5840	1.5815	1.5860
June	1.5695	1.5715	1.5685	1.5730
Sept.	1.5570	1.5575	1.5570	1.5610

LIFFE—STERLING £25,000 $ per £

	Close	High	Low	Prev
March	1.5839	1.5835	1.5828	1.5873
June	1.5700	—	—	1.5735
Sept	1.5582	—	—	1.5615

Estimated volume 403 (78)
Previous day's open int 1,151 (1,149)

CHICAGO

U.S. TREASURY BONDS (CBT) 8%
$100,000 32nds of 100%

	Latest	High	Low	Prev.
Mar.	101-12	101-14	101-06	101-11
June	100-09	100-12	100-03	100.09
Sept.	99-11	99-14	98.07	99.11
Dec.	98-14	98-14	98.10	98.14
Mar.	97-18	97-19	97-15	97.19
June	—	—	—	96.25
Sept.	—	—	—	96.00
Dec.	95-07	95-08	95-06	95.08
Mar.	—	—	—	94.18
June	—	—	—	—
Sept.	—	—	—	93.12

U.S. TREASURY BILLS (IMM)
$1m points of 100%

	Latest	High	Low	Prev.
Mar.	94.35	94.38	94.34	94.37
June	94.41	94.43	94.40	94.42
Sept.	94.44	94.44	94.43	94.44
Dec.	94.38	94.38	94.38	94.38

SWISS FRANC (IMM)
SFr125,000 $ per SFr

	Latest	High	Low	Prev.
Mar.	0.6413	0.6424	0.6396	0.6373
June	0.6447	0.6460	0.6432	0.6408
Sept.	0.6475	0.6495	0.6475	0.6449

JAPANESE YEN (IMM)
Y12.5m $ per Y100

	Latest	High	Low	Prev.
Mar.	0.6513	0.6516	0.6504	0.6497
June	0.6550	0.6553	0.6542	0.6532
Sept.	0.6588	0.6588	—	0.6568

DEUTSCHE MARK (IMM)
DM125,000 $ per DM

	Latest	High	Low	Prev.
Mar.	0.5398	0.5406	0.5385	0.5375
June	0.5432	0.5441	0.5419	0.5408
Sept.	0.5465	0.5465	0.5447	0.5436

THREE-MONTH EURODOLLAR (IMM)
$1m points of 100%

	Latest	High	Low	Prev.
Mar.	93.52	93.55	93.51	93.55
June	93.54	93.57	93.53	93.57
Sept.	93.55	93.56	93.53	93.56
Dec.	93.47	93.48	93.45	93.47
Mar.	93.32	93.32	93.31	93.32
June	93.13	93.14	93.12	93.13
Sept.	92.92	92.92	92.90	92.91
Dec.	92.70	92.71	92.68	92.69

STANDARD & POORS 500 INDEX
$500 times index

	Close	High	Low	Prev.
Mar.	289.75	289.80	287.40	288.40
June	291.60	291.60	289.10	290.15
Sept.	292.70	292.70	290.70	291.50
Dec.	293.90	293.90	292.00	292.70

EUROPEAN OPTIONS EXCHANGE

Series		May 87 Vol.	May 87 Last	Aug 87 Vol.	Aug 87 Last	Nov 87 Vol.	Nov 87 Last	Stock
GOLD C	$420	114	9.50	42	18	—	—	$406
GOLD C	$440	—	—	10	12.90	—	—	"
GOLD P	$360	30	0.80	—	—	—	—	"
GOLD P	$370	—	—	—	—	25	6.80	"
GOLD P	$390	—	—	10	8.40	—	—	"
GOLD P	$400	—	—	22	12	—	—	"
GOLD P	$420	47	17.50	—	—	—	—	"
		Mar 87		Jun 87		Sep 87		
£/Fl C	Fl.320	113	12.20	—	—	—	—	Fl.331.85
£/Fl C	Fl.325	86	6.50	5	8.20	6	9.70	"
£/Fl C	Fl.330	68	2.70	23	6.30	20	8	"
£/Fl C	Fl.335	6	1.20	9	4.50	3	6	"
£/Fl C	Fl.340	20	0.90	14	3	—	—	"
£/Fl P	Fl.330	5	2.10	—	—	—	—	"
		Mar 87		Apr 87		May 87		
$/Fl C	Fl.200	6	9.60	—	—	—	—	Fl.209.45
$/Fl C	Fl.205	85	4.70A	38	5.50	—	—	"
$/Fl C	Fl.210	184	1.40	46	2.70	—	—	"
$/Fl C	Fl.215	19	0.40	45	1.05	23	1.80	"
$/Fl C	Fl.220	4	0.20	8	1	—	—	"
$/Fl P	Fl.205	30	0.40	26	1.15	2	2.30	"
$/Fl P	Fl.210	27	2.40	—	—	208	4.20B	"
$/Fl P	Fl.215	10	5.50B	—	—	—	—	"
$/Fl P	Fl.225	7	15.30B	—	—	—	—	"
$/Fl P	Fl.230	18	21	—	—	—	—	"
$/Fl P	Fl.235	10	25.30B	—	—	—	—	"
$/Fl P	Fl.245	5	36	—	—	—	—	"
		Jun 87		Sep 87		Dec 87		
$/Fl. C	Fl.200	—	—	2	12.40	12	13	Fl.209.45
$/Fl. C	Fl.205	16	7.20	—	—	—	—	"
$/Fl. C	Fl.210	14	4.70	4	6.20	6	8	"
$/Fl. C	Fl.215	6	2.80	—	—	10	5.80A	"
		Apr 87		Jul 87		Oct 87		
ABN C	Fl.520	389	7.30	15	16	—	—	Fl.500
ABN P	Fl.500	330	10.50	26	24	44	33	"
AEGON C	Fl.90	85	2.20A	14	3.70B	8	4.60	Fl.89.30
AEGON P	Fl.85	—	—	22	3.20	—	—	"
AHOLD C	Fl.110	272	2.20	157	4.50A	41	7	Fl.105.30
AHOLD P	Fl.105	521	4.80	65	7	—	—	"
AKZO C	Fl.140	335	3.60	249	6.20	134	9	Fl.138
AKZO P	Fl.130	152	1.10	128	4.70	5	5.30	"
AMEV C	Fl.75	20	0.20	—	—	—	—	Fl.65.40
AMEV P	Fl.65	11	1.80	—	—	2	4.70	"
AMRO C	Fl.85	239	1.10	22	2.20	13	3.30	Fl.78.80
AMRO P	Fl.80	142	4	66	5.40	57	6	"
ELSEVIER C	Fl.250	22	4	11	9.50	—	—	Fl.240
ELSEVIER P	Fl.230	10	3	5	6.50	—	—	"
GIST-BROC. C	Fl.45	171	1.30	72	2.70	6	3.90	Fl.43.50
GIST-BROC. P	Fl.40	187	0.70	32	1.60	—	—	"
HEINEKEN C	Fl.160	546	6.10	149	9	39	10	Fl.163.50
HEINEKEN P	Fl.150	106	1.50	234	2.80	2	5.50A	"
HOOGOVENS C	Fl.40	36	1.90	79	2.90	6	4.60	Fl.39.20
HOOGOVENS P	Fl.35	12	0.90	146	1.90	5	2.50	"
KLM C	Fl.40	481	3.40	227	4.70	—	—	Fl.42.80
KLM P	Fl.45	46	2.90	357	4	266	5.60	"
NAT. NED C	Fl.80	—	—	8	1.70	109	2.30	Fl.73.20
NAT. NED. P	Fl.70	33	1.30	75	2.30	—	—	"
PHILIPS C	Fl.50	533	1	455	2.40	140	3.80	Fl.49
PHILIPS P	Fl.50	16	2.60	350	3.50	83	4	"
ROYAL DUTCH C	Fl.220	1832	8.60	155	9.20B	72	9.50	Fl.227.10
ROYAL DUTCH P	Fl.220	856	1.70A	564	7.30	152	11	"
ROBECO C	Fl.100	4	2.20	—	—	8	3.50	Fl.100.70
ROBECO P	Fl.100	—	—	—	—	8	3	"
UNILEVER C	Fl.520	136	22	57	27.50	—	—	Fl.538
UNILEVER P	Fl.480	2	0.80	163	3.50	3	6.80	"

TOTAL VOLUME IN CONTRACTS: 37,848

A=Ask B=Bid C=Call P=Put

BASE LENDING RATES

	%		%		%
ABN Bank	11	Citibank NA	10½	Mnt Credit Corp. Ltd	10½
Adam & Company	10½	Citibank Savings	¶12.45	Nat Bk. of Kuwait	10½
Allied Arab Bk Ltd	10½	City Merchants Bank	10½	National Girobank	11
Allied Dunbar & Co	10½	Clydesdale Bank	10½	Nat Westminster	10½
Allied Irish Bank	10½	Comm. Bk. N. East	10½	Northern Bank Ltd	11
American Exp. Bk	10½	Consolidated Cred	11	Norwich Gen. Trust	11
Amro Bank	10½	Co-operative Bank	*10½	PK Finans. Intl (UK)	11½
Henry Ansbacher	11	Cyprus Popular Bk	10½	Provincial Trust Ltd	12
ANZ Banking Group	11	Duncan Lawrie	11	R. Raphael & Sons	10½
Associates Cap Corp	11	E. T. Trust	12	Roxburghe G'rantee	11½
Authority & Co Ltd	11	Equator'l Tst C'p plc	11	Royal Bk of Scotland	10½
Banco de Bilbao	10½	Exeter Trust Ltd	11	Royal Trust Bank	11
Bank Hapoalim	11	Financial & Gen. Sec	10½	Standard Chartered	11
Bank Leumi (UK)	11	First Nat. Fin. Corp	11½	Trustee Savings Bnk	11
Bank Credit & Comm	11	First Nat. Sec. Ltd	11½	UDT Mortgage Exp.	¶12.25
Bank of Cyprus	10½	● Robert Fleming & Co	10½	United Bk of Kuwait	10½
Bank of Ireland	11	Robert Fraser & Ptrs	11½	United Mizrahi Bank	10½
Bank of India	11	Grindlays Bank	‡11	Westpac B'nking Corp	10½
Bank of Scotland	10½	● Guinness Mahon	10½	Whiteaway Laidlaw	11
Banque Belge Ltd	10½	HFC Trust & Savings	11	Yorkshire Bank	10½
Barclays Bank	10½	● Hambro Bank	10½		
Benchmark Tst Ltd	11	Heritable & Gen. Tst	10½		
Beneficial Trust Ltd	12	● Hill Samuel	§11		
Berliner Bank AG	10½	C. Hoare & Co	10½		
Brit. Bk. of Mid. East	10½	Hongkong & Shangh'	10½		
● Brown Shipley	11	Lloyds Bank	10½		
CL Bank Nederland	10½	Mase Westpac Ltd	11		
Canada Permanent	10½	Meghraj & Sons Ltd	10½		
Cayzer Ltd	10½	Midland Bank	10½		
● Charterhouse Bank	10½	● Morgan Grenfell	10½		

● Members of the Accepting Houses Committee. * 7-day deposits 6.03%. 1-month 6.38%. Top Tier—£2,500+ at 3 months' notice 10.03%. At call when £10,000+ remains deposited. ‡ Call deposits £1,000 and over 6¾% gross. ¶ Mortgage base rate. § Demand deposit 6.69%. Mortgage 12¼%.

Company Notices

CAISSE NATIONALE DES TELECOMMUNICATIONS

Floating Rate Notes Issue of US$300,000,000 1985-2000

For the period of one month, from February 20 to March 20th (28 days) the notes will bear interest rate of 6⅝ per cent per annum. The payable interest due March 20 for each nominal Note of US$10,000 will be US$51.53.

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Appointments	12.50	43.00
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Business Opportunities	13.00	44.00
Business for Sale/Wanted	12.00	41.00
Personal	9.50	32.00
Motor Cars, Travel	9.50	32.00
Contracts, Tenders	12.00	41.00
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LONDON SHARE SERVICE

BRITISH FUNDS

1986/87 High	Low	Stock	Price £	+ or -	Yield Int.	Red.
		"Shorts" (Lives up to Five Years)				
[illegible]	97½	Exch 10½pc 1987	99[illegible]		10.50	10.58
[illegible]	93¾	Funding 6½pc 85-87	99¾	+[illegible]	6.52	8.75
[illegible]	96[illegible]	Treas. 10pc 1987	100	+[illegible]	10.00	9.69
[illegible]	90[illegible]	Treas 3pc 1987	98[illegible]	+[illegible]	3.04	7.12
[illegible]	99[illegible]	Treas. 12pc 1987	101[illegible]	+[illegible]	11.83	9.61
[illegible]	92[illegible]	Treas 7¾pc 1985-88‡‡	98[illegible]	+[illegible]	7.85	9.21
[illegible]	96[illegible]	Exch 10½pc '88	101[illegible]	+[illegible]	10.40	9.59
[illegible]	95[illegible]	Treas 9¾pc Cv '88	100[illegible]	+[illegible]	9.74	9.58
[illegible]	86[illegible]	Transport 3pc '78-88	95[illegible]	+[illegible]	3.15	6.96
[illegible]	93[illegible]	Treas. 9½pc '88	99[illegible]	+[illegible]	9.52	9.62
[illegible]	98[illegible]	Treas 11½pc 1989	103[illegible]	+[illegible]	11.11	9.46
[illegible]	93[illegible]	Treas 9½pc Cnv 1989	99[illegible]	+[illegible]	9.50	9.50
[illegible]	82[illegible]	Treas 3pc 1989	92[illegible]	+[illegible]	3.25	6.92
[illegible]	95[illegible]	Treas 10½pc 1989	102[illegible]	+[illegible]	10.29	9.43
[illegible]	94[illegible]	Exch 10pc 1989	101[illegible]	+[illegible]	9.89	9.46
[illegible]	97	Exch 11pc 1989	103[illegible]	+[illegible]	10.63	9.42
[illegible]	84[illegible]	Treas 5pc 1986-89	93[illegible]	+[illegible]	5.36	7.91
[illegible]	94[illegible]	Exch 10¼pcCv '89	104[illegible]	+[illegible]	9.73	7.99
[illegible]	103[illegible]	Treas 13pc 1990‡‡	109[illegible]	+[illegible]	11.95	9.41
[illegible]	97[illegible]	Exch 11pc 1990‡‡	104[illegible]	+[illegible]	10.60	9.48
[illegible]	101[illegible]	Exch. 12½pc 1990	108[illegible]	+[illegible]	11.60	9.48
[illegible]	79[illegible]	Treas. 3pc 1990	88[illegible]	+[illegible]	3.39	7.12
[illegible]	89[illegible]	Treas 8¼pc 1987-90‡‡	98[illegible]	+[illegible]	8.39	8.82
[illegible]	93	Treas. 10pcCv 1990	101[illegible]	+[illegible]	9.88	9.58
[illegible]	76[illegible]	Exch 2½pc 1990	86	+[illegible]	2.91	6.84
[illegible]	99[illegible]	Treas 11¾pc 1991	107[illegible]	+[illegible]	10.98	9.50

Five to Fifteen Years

Over Fifteen Years

Undated

Index-Linked

INT. BANK AND O'SEAS GOVT STERLING ISSUES

CORPORATION LOANS

COMMONWEALTH & AFRICAN LOANS

LOANS

Building Societies

Public Board and Ind.

Financial

FOREIGN BONDS & RAILS

AMERICANS

AMERICANS—Cont.

CANADIANS

BANKS, HP & LEASING

Hire Purchase, Leasing, etc.

BEERS, WINES & SPIRITS

BUILDING, TIMBER, ROADS

BUILDING, TIMBER, ROADS—Cont.

CHEMICALS, PLASTICS

DRAPERY AND STORES

DRAPERY & STORES—Cont.

ELECTRICALS

ENGINEERING

ENGINEERING—Continued

FOOD, GROCERIES, ETC

HOTELS AND CATERERS

INDUSTRIALS (Miscel.)

INDUSTRIALS—Continued

هكذا من الأصل

هكذا من الأصل

INDUSTRIALS—Continued

1986/87 High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's	P/E
128	81	Molnlycke & Group 10p	126		12.7	2.9	3.0	15.4
339	210	Morgan Crucible	313	−2	16.5	1.5	3.8	20.8
24	15½	Morris (W) F.A. 20p	21½		—	—	—	—
194	65	Myson Grp 10p	193		12.63	2.6	1.9	24.9
365	213	NMW Computers	300		16.0	3.0	2.8	17.3
225	27	Nash Inds	197		1.5	2.6	1.1	49.9
27½	12½	Neil & Spencer 10p	18½	+½	—	—	—	—
47	28	Newman Inds 10p	46	+4	10.5	1.5	2.4	35.3
134	65	Noble & Lund 10p	96	−2	0.7	4.3	1.1	28.3
168	151	Nobo Group 10p	166	+4	4.75	2.8	4.0	12.8
65	39	Nolton	53		1.2	2.9	3.2	15.2
166	96	Norank Systems 5p	164	+7	1.5	—	1.3	21.0
362	187	Norcros	362	+18	19.3	2.3	3.6	16.6
303	49	Nu-Swift 5p	303		13.5	2.1	1.6	40.7
£358½	£228	OCE 9pc Cn 1987-92	£247½		Q9%	—	13.7	—
143	80	Oakwood Grp	141	+3	4.0	0.6	4.0	54.2
250	173	Office & Elect	203	+2	8.5	2.9	5.9	8.3
53	26	Omnitech 1p	53		—	—	—	—
36	20	Optometrics $0.01	21		—	—	—	—
915	500	Oriflame £1	915	+15	29.5	♦	4.6	♦
10	5	Overstone 12½c	7		0.23	1.9	14.3	3.7
153	85	PCT Grp 10p	150		3.2	—	4.4	—
£22½	£13¾	PLM 'B' Sk 25	£20	−¼	Q24%	♦	3.1	♦
255	160	Pacer Systems $0.01	200		3.0	4.3	1.3	18.5
242	97	Pacific Dunlop $0.5	215	−8	11.3	2.1	2.3	21.6
78	44	Pacific Sales 10p	70	+2	3.0	1.4	6.0	16.7
569	246	Parker Knoll 'A'	569	+11	12.0	3.2	3.0	14.8

INSURANCES

LEISURE

LEISURE—Continued

MOTORS, AIRCRAFT TRADES

Motors and Cycles

Commercial Vehicles

Components

Garages and Distributors

NEWSPAPERS, PUBLISHERS

PAPER, PRINTING, ADVERTISING

PROPERTY

PROPERTY—Continued

SHIPPING

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SOUTH AFRICANS

TEXTILES

TOBACCOS

TRUSTS, FINANCE, LAND

Investment Trusts

INVESTMENT TRUSTS—Cont.

Finance, Land, etc

FINANCE, LAND—Cont.

OIL AND GAS

OVERSEAS TRADERS

PLANTATIONS

Rubbers, Palm Oil

Teas

MINES

Central Rand

Eastern Rand

Far West Rand

MINES—Continued

O.F.S.

Diamond and Platinum

Central African

Finance

Australians

Tins

Miscellaneous

THIRD MARKET

NOTES

REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency.

LONDON STOCK EXCHANGE

Account Dealing Dates

*First Dealings	Option Declarations	Last Dealings	Account Day
Feb 23	Mar 5	Mar 6	Mar 16
Mar 9	Mar 19	Mar 20	Mar 30
Mar 23	Apr 2	Apr 3	Apr 13

* New time dealings may take place from 9.00 am two business days earlier.

Renewed interest rate hopes take Government bonds and equity sectors higher

The UK securities markets took a second look at the half-point cuts in bank base rates announced o Monday, and decided that further reductions could not be long delayed. Government bonds surged ahead by 1½ points at the long end, putting a prospective premium of around ⅝ on the new £1bn tap stock, which opens for trading this morning (Wednesday). With sterling only slightly easier, despite the base rate cuts, equities were more cautious, but *quickly recouped early falls, and* were moving higher in the second half of the season.

Consumer stocks took the lead, featured by another sharp rise in **GUS "A"** shares. Food retailers came alight behind a £151m bid for **Hillards** from **Tesco**, the High Street supermarketeer.

"*Quality buying*" was reported throughout the range of leading stocks. *British Airways moved* higher on substantial demand and there were gains in major stocks ranging from **Plessey** to **GKN** and **Fisons**.

A firm opening on Wall Street helped the internationals at the close. The FT-SE 100 index ended 14.0 higher at 1987.7, and the FT *ordinary index added* 10.1 to 1586.4.

An increasingly significant factor in the market has been the City's growing conviction that the strength of sterling reflects deeper improvements in the UK economy, and not merely the hopes of lower interest rates.

Demand for UK gilts was running strongly at the close, with *both domestic* and overseas houses pushing yields below the prospective level for today's new tap stock — *itself* regarded as an attempt to damp the market down ahead of the Budget.

By the close, the seasoned 8¾ per cent Treasuries, the market equivalent to the new issue, stood *at £97, which the market read as a* pointer to a ⅝ premium on the new stock.

Marketeers face a "tricky opening" today when initial offers for the new tap must be placed before 8.40 am. The authorities will then have to decide whether to accept lower yields, or risk letting the market run away.

Revitalised of late by the prospect of cheaper *money, Discount* Houses provided an outstanding *feature yesterday* in **Union** which leapt 60 to 868p as brokers L. Messel, acting on behalf of a rumoured overseas buyer, acquired a near-5 per cent stake in the company. **Gerrard and National** were also on Messel's buying list and moved up 14 to 368p. Elsewhere, news of **Hongkong and Shanghai's** proposed £265m rights issue resurrected *stories that the far-eastern bank* could once again turn its attentions on the **Royal Bank of Scotland**. The latter touched 320p before closing 8 better on balance at 318p; HK and Shanghai fell 6 to 80½p. **Mercury International**, a dull market since publication last week of the terms of its Mercury Asset Management flotation, rallied 4 to 355p. **Hill Samuel** lost 8 at 450p and **Morgan Grenfell** relinquished 2 at 383p; the latter's preliminary figures are scheduled for next Wednesday.

Legal and General moved up 8 to 313p as BZW upgraded their profits forecasts for the group in the wake of the bonus increases announced on *Monday. Pearl and* **Sun Life**, both rumoured of late to *be possible* TSB *bid targets*, made progress with the former closing 11 dearer at 346p and the latter 6 higher at 980p. Composite Insurance regained composure with **GRE** closing 33 better at 905p.

Among recently-issued equities, **British Airways** gave a strong performance reflecting traded option activity and closed 7½ higher at 120p. Elsewhere, USM-quoted *Regina Health continued* to attract buyers and gained 4 more to 38p; *the placing price was* 20p.

A moderate two-way business left leading Breweries showing minor changes on balance but selected Regionals made progress. **Greenall Whitley** went higher, responding to a flurry of buying late on Monday, and closed 7½ up at 246½p, *while* **Wolverhampton and Dudley** gained 5 to 315p. **Young & Co's Brewery** continued the previous session's advance to end 13 dearer at 353p.

Blue Circle continued to move higher on speculation that Adelaide Steamship of Australia had sold its stake in the company and *the close was 13 higher at 741p.* Other leading Buildings showed *little alteration although* **Marley** attracted late support and added 3½ to 147½p. **RMC** drifted off to close 7 cheaper at 799p. Elsewhere, **Persimmon**, still refeltcing the good preliminary figures, gained 14½ to 381p, while **Federated Housing** touched 203p on the impressive annual results prior to closing unchanged at 200p. **Sharpe and Fisher**, annual results due *tomorrow, gained 7 to 178p*, while **Stanley Miller** added 3 to 62p. Buyers also favoured **Bellway**, up 10 at 218p and **Conder**, 14 to the good at 205p in a restricted market.

The prospect of an accleration in consumer spending if next Tuesday's budget does produce the widely expected tax cuts continued to induce strong support of leading retailers. **Marks and Spencer** led the way yesterday with a rise of 8 to 236p with sentiment here additionally helped by Press comment. **Gussies "A"** gained ¼ afresh at £14, while **Dixons** put on 4 *at 390p and* **Storehouse** gained 6 at 320p. **Burton**, *still reflecting* the ADR facility in the US, put on 6 afresh at 318p. Elsewhere, **Charlie Brown Car Part Centres** jumped 43 to 313p on news of the *surprise* bid from **Woolworths**, 7 better at 800p. **Underwoods**, however, which recently held discussions with Woolworth, retreated 6 to 255p on fading hopes of an offer from that source. Publicity given to a L. Messel *circular helped* **Freemans** rise 7 to 474p. **Martin Ford** hardened a couple *of pence to 74p following* news of the sale of the business and assets of Stage to Grant Seward, a subsidiary of **Lee Cooper**, 5 better at 433p. **Body Shop** reflected revived demand in a restricted market and jumped 67 to 678p, while **Etam** added 9 at 247p and **Alexon** put on 6 at 255p. *Profit-taking in the wake of the* interim figures left **Miller and Santhouse** *10 off at 280p, while* **Pentos** gave up 5 to 115p following *the preliminary figures.* Among Shoe concerns, **Lambert Howarth** dipped 20 to 295p after the annual figures.

Comment on the £15m Colombian System X digital telephone exchange contract *helped* **Plessey** move up to 242 before *closing 2 higher at 239p.* **BICC**, with annual results scheduled for March 25, *improved* 3 at 329p, but **Thorn EMI** continued to reflect a Greenwell Montagu profits downgrading with a fall of 15 at 625p. Elsewhere in Electricals, **Lee Refrigeration** jumped 17 to 280p and **Rockwood** gained 18 at 88p on speculative buying, while improvements of 6 and 14 respectively were seen in *Microvitec*, 35½p, and **Eurotherm**, 378p. **Chloride** *attracted late speculative support* and ended the session 2½ up at 71½p.

Among the Engineering leaders, **GKN**, scheduled to reveal preliminary figures today, took a turn for the better and closed 15 dearer at 346p. **APV** advanced 17 to 674p on news that the company has won acceptances *of just over 36 per* cent from shareholders of Baker *Perkins and has extended the* final closing date of its offer to *March 23. Profit-taking* after the preliminary figures left **Thomas Robinson** 12 lower at 405p, while disappointing annual results prompted a reaction of 8 to 77p in **Woodhouse and Rixson**. **W.A. Tyzack** eased a couple of pence after acquisition *news and the* placing of some 1.7m shares at *64p.* **Crown House**, bought recently on Coloroll bid hopes, reacted 10 to 233p *but speculative demand* left **600 Group** 15 to the good at 131p.

The Food Retailing sector rovided the day's outstanding feature in North of England-based **Hillards** which soared 93 to 313p following the surprise unwelcome share exchange with cash alternative *offer* from **Tesco** worth *some* £151m. The latter, after dipping to 463p, *recovered strongly to close* 10 higher on balance at 480p. Other Provincial Food Retailers moved higher in sympathy, **William Low** rising 23 to 589p and **William Morrison** advancing 20 to 249p. **Normans**, also a takeover favourite, added 2¼ to 62¼p. **ASDA-MFI** picked up 2 at 158p. Elsewhere, **Hillsdown**, a particularly good market of late, eased back awaiting today's annual results to close 4 cheaper at 281p. **Chambers and Fargus**, sharply higher on Monday following the offer by KO of Sweden for 1.1m new shares at 95p per share, fell back on profit-taking to close 25 lower at 90p. **Greggs**, still reflecting the good results, gained 11½ more to 320p.

International stocks presented a *steadier appearance. Glaxo* improved a little to close ⅛ better *at £15⅛ and* **Beecham** finished a shade dearer at 556p. **Wellcome**, the subject of persistent profit-taking in the previous trading session, staged a rally and closed ⅞ higher at 475p. **Boots**, in contrast, fell 11 to 313p following an uninspiring meeting with analysts. Elsewhere, **BTR**, scheduled to *reveal preliminary figures today*, traded firmly at 342p, up 7; pre-tax profits estimates *range from* £460m to £480m. Among secondary miscellaneous industrials, **Nerceros** featured a further gain 18 at 382p on bid hopes following the acquisition by Williams Holdings of a 2.2 per cent stake in the company. **Williams Holdings** eased 31 afresh to 720p. **Low and Bonar**, in contrast, shed 6 more to 270p following comment on the *preliminary figures.* Revived bid hopes left **J. Bibby** 10 dearer at *297p and* **Pearson** *9 to the good at* 555p. **BBA** responded to the annual results with a rise of 13 at 191p, but profit-taking after the preliminary figures prompted a reaction of 24 to 667p in **Welseley**. *Interest revived in* **Pentland**, up 25 at 645p, after the announcement that *its associate* **Reebok** has agreed to purchase Avia Group International of the US for $180m. Avia designs, develops and markets athletic and casual footwear. **Parker Knoll**, still reflecting satisfaction with the annual results, improved 11 further to 569p. **J. Hewitt** ran back 18 to 262p in front of today's preliminary figures, but **UDO Holdings** were noteworthy for a gain of 25 at 243p.

Travel issues displayed a bright feature in **Owners Abroad** which rose 4½ to 62¼p in reply to the good results.

Jaguar made little movement overall despite the efforts to increase production; the group is spending over £50m on body assembly lines from Fiat. **Lucas Industries** *fell 6 to 590p* while endeavouring to find a trading level *after the recent sharp rise*, but USM-listed **Spice** rose 6 further to 183p. Increased first-half profits and a confident statement failed to ignite **British Car Auctions**, slightly easier at 218p, but some other Distributors edged higher. **Appleyard** *improved* 9 more to 250p and **Glanfield Lawrence** added 5 *at 128p* while a Press recommendation touched off *small support of* **Evans Halshaw**, 212p.

Advertising Agency, **Abbott Mead Vickers**, built up steam on good annual profits and the board's view that there was plenty of organic growth left to look forward to. **AMV** settled 30 up at 330p but other companies in the sector stayed put. Among Paper/Printings, **McCorquodale** came back 5 *to 335p and* **DRG** *eased 3 to* 415p. **Crown TV Products** dropped 8 to *60p following the downward revi*sion of last year's earnings per share figure from 5.4p to 2.6p some six weeks after the results were announced.

The Property leaders, unfashionable in the wake of *MEPC's bid* for Oldham Estates, revived strongly as institutional buyers returned. *Although* a shade below the best at the close, *double figure gains were seen in* **MEPC**, 351p, and **Land Securities**, 366p. **Slough Estates**, annual results due at the end of the month, were a shade dearer at 196p, while **British Land** added 2 to 190p. Elsewhere, speculative buying in front of today's interim *results boosted* **A. & J. Mucklow** 9 to 135p. **Phoenix Property** rose 10 *to 170p in a restricted market.* **Centrovincial**, up 27 on Monday *following* a bid approach, gained 10 more to 270p. **St. Modwen** put on 6¼ *to* 35½p; the company revealed excellent annual results last week.

Brint Investments, shortly to change its name to Tyndall Holdings, jumped 30 to 395p following *publicity on the agreed offer* for Tyndall-Guardian, a Bermuda-*based* offshore fund management group. **London Merchant Securities** were favoured at 76p, up 4, but **Oceana Consolidated** dropped 7 to 68p after disappointing interim figures. Among Investment Trusts, **Merchants** moved up 4 to a high of 154p in response to impressive full-year results and forecast of a higher dividend for the current period.

A steady showing by crude prices was mirrored by the oil majors which showed *little alteration* overall. **Ultramar** attracted *support* ahead of today's annual results and firmed 4 to 182p, while **Enterprise** gained 6½ to 232p on reports of speculative buying. **Britoil** were firm at 196p, up 3 and **Tricentrol** added 4 to 87½p. **IC Gas** dipped 15 to 707p as Gulf Resources reduced its holding from 11 per cent to 6.4 per cent; Tractobel is tendering 710p per share for 30 per cent of IC Gas. Traded option activity aided **British Gas**, up 2 at 80¾p, after 82p.

Lonrho remained at the slightly *easier level of 281p after late news* that it had issued a writ against *the three Fayed brothers claiming* substantial damages.

The slide in gold shares continued in London yesterday, although once again there was no great selling pressure. The FT Gold shares index shed a further 7.4 to 322.2, as most of the producer issues gave ground on lack of support.

Bracken *Mines*, *Vlakfontein*, and Hartebeest were all lower at the close of the market, and minor gains elsewhere reflected no *more than technical situations.*

In the diamond sector, De Beers gained no benefit from the results, which were described as "pretty good" in the market. The stock eased from 1100 to 1035 at mid-session before rallying to close around 10¼.

Traded Options

Demand in the Traded Option market *increased* considerably with the total number of deals done *improving from* Monday's meagre 36,061 to 73,750 yesterday. This comprised *of 57,622* calls and 16,128 puts arranged. **British Airways**, which *have* been rather disappointing since the sparkling debut *on February* 11, revived strongly as 11,030 calls were *struck*—4,043 in the April 120s' and 1,996 in the April 110s'—and 4,260 puts—1,113 in the April 110s'. **British Gas** were also active, recording 7,570 calls—2,541 in the July 80s'—and 2,497 puts, while nearly 5,000 calls were done in **Hanson Trust**.

Traditional Options

- **First dealings** March 2
- ***Last dealings*** March 13
- ***Last declaration*** June 11
- ***For Settlement*** June 22

For rate indications see end of Unit Trust Service

Stocks dealt in for the call included **Riley Leisure, Chrysalis, Kenmare, Property Trust, Newman Industries, NatWest Bank, Mitchell Cotts, Pavion, Blackwood Hodge, Humberside, Eagle Trust, London Securities, Benlox, Dares Estates**, *Barham Group, Chloride*, **Sears, Greenwich Resources, Burton Group, NEI, United Guarantee, Christy Hunt, Hawtin, Brent Walker, British Benzol, Rotaprint and Scottish and Newcastle**. **Fobel** were dealt in for the put, while double options were arranged in *Property Trust* and *Amstrad*.

FINANCIAL TIMES STOCK INDICES

	Mar. 10	Mar. 9	Mar. 6	Mar. 5	Mar. 4	Year ago	1986/87 High	1986/87 Low	Since Compilation High	Since Compilation Low
Government Secs	89.55	89.25	89.52	89.29	88.72	88.92	94.51 (18/4/86)	80.39 (20/1/86)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Interest	95.13	95.13	94.69	94.60	93.83	92.62	97.68 (7/7/86)	86.55 (23/1/86)	105.4 (28/11/47)	50.53 (3/1/75)
Ordinary ♥	1,586.4	1,576.3	1,601.4	1,602.0	1,612.4	1,326.8	1,613.5 (3/3/87)	1,094.3 (14/1/86)	1,613.5 (3/3/87)	49.4 (26/6/40)
Gold Mines	322.2	329.6	338.2	346.7	339.5	322.5	346.7 (5/3/87)	185.7 (18/7/86)	734.7 (15/2/83)	43.5 (26/10/71)
Ord. Div. Yield	3.69	3.71	3.64	3.63	3.61	4.05				
Earnings Yld.%(full)	8.59	8.64	8.48	8.46	8.42	9.76				
P/E Ratio (net) (*)	14.27	14.19	14.46	14.49	14.56	12.70				
SEAQ Bargains (5 pm)	46,183	53,342	52,723	52,949	52,461	—				
Equity Turnover (£m)	—	1,359.62	1,837.58	1,938.98	1,471.30	742.21				
Equity Bargains	—	64,128	66,542	68,225	49,090	38,251				
Shares Traded (ml)	—	615.4	691.5	—	548.5	343.5				

S.E. ACTIVITY

Indices	Mar. 9	Mar. 6
Gilt Edged Bargains	181.9	178.8
Equity Bargains	415.5	431.2
Equity Value	2748.1	3714.2
5-Day Average		
Gilt Edged Bargains	182.6	181.1
Equity Bargains	400.5	401.5
Equity Value	3230.5	3242.8

♥ Opening	10 a.m.	11 a.m.	Noon	1 p.m.	2 p.m.	3 p.m.	4 p.m.
1567.9	1572.6	1578.1	1584.8	1582.5	1580.2	1578.6	1579.9

Day's High 1586.7. Day's Low 1567.8

Basis 100 Govt. Secs 15/10/26, Fixed Int. 1928, Ordinary 1/7/35, Gold Mines 12/9/55, SE Activity 1974, *Nil=13.74.

LONDON REPORT AND LATEST SHARE INDEX: TEL. 01-246 8026

NEW HIGHS AND LOWS FOR 1986-87

NEW HIGHS (158)

BRITISH FUNDS (3), LOANS (1), AMERICANS (1), CANADIANS (1), BANKS (3), BREWERS (7), BUILDINGS (15), CHEMICALS (5), STORES (12), ELECTRICALS (6), ENGINEERING (8), FOODS (5), INDUSTRIALS (33), INSURANCE (4), LEISURE (4), MOTORS (3), PAPER (6), PROPERTY (13), SHIPPING (2), TEXTILES (1) TRUSTS (18), OILS (2), PLANTATIONS (1), MINES (4).

NEW LOWS (4)

AMERICANS (2) Chrysler, Citicorp, OVERSEAS TRADERS (1) GN Great Nordic, THIRD MARKET (1) Allied Insurance Brokers.

TRADING VOLUME IN MAJOR STOCKS

The following is based on trading volume for Alpha securities dealt through the SEAQ system yesterday until 6 pm.

Stock	Volume 000's	Closing price	Day's change	Stock	Volume 000's	Closing price	Day's change
ASDA-MFI	3,400	158	+2	Ladbroke	304	429	—
Allied Lyons	2,500	400	—	Land Securities	3,600	366	+12
Amstrad	4,600	181	–4	Legal & Gen.	2,100	313	+8
Assoc. Brit. Foods	750	343	–1	Lloyds Bank	1,200	492	[illegible]
BAT	1,900	513	+5	Lonrho	442	281	[illegible]
BET	1,700	511	—	MEPC	3,200	351	[illegible]
BOC	1,000	433	–4	Marks & Spncr	11,000	236	[illegible]
BPB Inds	214	670	—	Midland Bank	730	627	[illegible]
BPCC	342	318	—	NatWest Bank	860	602	[illegible]
BTR	4,300	342	+7	Pearson	1,100	565	[illegible]
Barclays	1,400	507	—	P & O	2,500	630	[illegible]
Bass	667	953	+5	Pilkington Bros	264	750	[illegible]
Beecham	2,100	556	+5	Plessey	5,200	239	[illegible]
Blue Circle	1,100	741	+13	Prudential	335	893	[illegible]
Boots	12,000	313	–11	Racal	2,400	238	[illegible]
Brit. Airways	51,950	120	+7½	Rank Org.	159	653	[illegible]
Brit. Aero	1,200	656	+1	RHM	747	315	[illegible]
Brit. Gas	85,000	80¾	+2	Reckitt & Col	68	994	[illegible]
Britoil	4,700	196	+3	Redland	159	474	[illegible]
BP	6,050	799	+4	Reed Intl.	241	415	[illegible]
Brit. Telecom	7,200	248	+1	Reuters	203	669	[illegible]
Bunzl	65	230	—	RMC	86	799	[illegible]
Burton	5,900	318	+6	RTZ	1,000	714	[illegible]
Cable & Wire	8,000	358	+10	Rowntree Mac	390	497	[illegible]
Cadbury Schwps	3,000	243	–½	Ryl Bnk of Scotland	2,800	318	[illegible]
Coats Viyella	754	559	+1	Royal Insurance	426	983	[illegible]
Comm. Union	4,400	324	+11½	STC	3,800	253	[illegible]
Cons. Gold	635	812	–2	Saatchi & Saatchi	457	652	[illegible]
Cookson	347	565	+2	Sainsbury	482	476	[illegible]
Courtaulds	1,500	383	–4	Scott & Newcastle	785	246	[illegible]
Dee Corpn	2,800	230	–7	Sears	4,800	142	[illegible]
Dixons Grp	2,900	390	+4	Sedgwick	629	322	[illegible]
English China Clays	307	411	+2	Shell Trans	5,400	£11⅜	[illegible]
Fisons	347	619	+1½	Smith & Nephew	2,700	151	[illegible]
Gen. Accident	520	965	+28	Standard Chart	191	758	[illegible]
Gen. Elect.	6,300	224	—	Storehouse	5,100	320	[illegible]
Glaxo	2,500	£15⅛	+⅛	Sun Alliance	414	784	[illegible]
Globe Investment	116	150½	+1	TSB	1,500	77	[illegible]
Granada	1,100	346	–1	Tarmac	285	538	[illegible]
Grand Met	4,100	495	+6	Tesco	3,900	480	[illegible]
Gus "A"	1,200	£14	+¼	Thorn EMI	2,800	628	[illegible]
Guardian R.E.	237	905	+32	Trafalgar House	581	334	[illegible]
GKN	5,600	346	+15	T'house Forte	1,200	210	[illegible]
Guinness	3,200	320	+1	Unigate	456	376	[illegible]
Hammerson Prop	143	485	+5	Unilever	191	£25⅝	[illegible]
Hanson Trust	14,000	175	+3	United Biscuits	1,200	264	[illegible]
Hawker Sidd	340	504	+1	Wellcome	3,700	475	[illegible]
Hillsdown Hlgs	1,700	281	–4	Whitbread 'A'	1,000	338	[illegible]
ICI	2,000	£13⅞	+⅛	Willis Faber	107	427	[illegible]
Imp. Cont. Gas	1,500	706	–16	Woolworth	395	800	[illegible]
Jaguar	1,200	578	—				

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	87	10	16
Corporations, Dominion and Foreign Bonds	23	0	46
Industrials	514	501	524
Financial and Properties	178	139	270
Oils	37	25	50
Plantations	4	2	8
Mines	31	77	72
Others	39	99	49
Totals	913	853	1,035

FT-ACTUARIES INDICES

These Indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS & SUB-SECTIONS — Tuesday March 10 1987

Figures in parentheses show number of stocks per section

		Index No.	Day's Change %	Est. Earnings Yield% (Max.)	Gross Div. Yield% (ACT at 29%)	Est. P/E Ratio (Net)	xd adj. 1987 to date	Mon March 9 Index No.	Fri March 6 Index No.	Thur March 5 Index No.	Year ago (approx.) Index No.
1	CAPITAL GOODS (208)	858.89	+0.4	7.44	3.12	17.02	2.16	855.60	861.84	862.52	705.16
2	Building Materials (27)	1036.76	—	7.54	3.15	16.66	0.72	1036.62	1042.13	1042.34	753.34
3	Contracting, Construction (28)	1485.70	+0.3	6.72	3.17	20.41	2.68	1481.28	1480.36	1475.62	1095.38
4	Electricals (12)	2041.53	+0.3	7.38	3.84	17.39	1.39	2035.02	2023.14	2022.41	1914.15
5	Electronics (38)	1959.15	–0.2	7.59	2.28	17.40	10.41	1962.46	1984.91	1981.63	1743.73
6	Mechanical Engineering (61)	473.70	+0.2	8.49	3.55	15.04	1.04	472.63	477.25	480.50	393.68
8	Metals and Metal Forming (7)	449.69	+0.1	8.06	3.32	15.07	0.00	449.22	452.82	449.32	318.67
9	Motors (15)	329.53	+1.4	8.37	3.23	13.77	0.88	325.12	328.57	330.30	276.38
10	Other Industrial Materials (20)	1481.81	+1.5	6.02	3.69	19.84	2.64	1460.22	1468.80	1470.66	1266.96
21	CONSUMER GROUP (186)	1178.72	+0.5	6.20	2.70	20.74	2.51	1173.20	1182.93	1183.11	869.33
22	Brewers and Distillers (22)	1104.25	+0.6	7.74	3.14	16.25	3.55	1098.15	1110.74	1093.59	866.06
25	Food Manufacturing (25)	872.30	–0.3	7.68	3.29	17.11	2.21	874.62	885.51	889.53	628.44
26	Food Retailing (16)	2130.07	+0.3	5.92	2.68	23.45	9.65	2123.80	2144.34	2124.20	1873.56
27	Health and Household Products (10)	2319.93	+0.9	4.10	1.65	28.32	0.28	2299.68	2363.21	2379.35	1454.74
29	Leisure (31)	1186.90	+0.1	6.38	3.54	20.67	8.26	1185.52	1190.98	1197.21	892.73
31	Packaging & Paper (14)	592.50	–0.2	5.97	2.83	21.76	0.56	593.79	600.51	607.14	439.97
32	Publishing & Printing (14)	3502.50	+0.1	5.80	3.26	22.19	3.41	3498.87	3497.30	3506.38	2205.00
34	Stores (37)	1041.63	+1.0	6.15	2.61	22.09	1.25	1031.25	1015.34	1016.15	830.84
35	Textiles (17)	655.14	–0.2	7.97	3.10	14.44	0.17	656.19	672.29	676.53	503.69
40	OTHER GROUPS (88)	965.72	+0.8	8.17	3.49	15.18	3.78	957.87	971.91	978.89	844.76
41	Agencies (17)	1352.72	–0.4	4.65	1.83	29.11	3.33	1358.16	1366.58	1373.09	0.0
42	Chemicals (21)	1226.50	+0.4	8.05	3.58	15.18	15.74	1221.68	1248.10	1259.97	937.49
43	Conglomerates (13)	1305.37	+1.2	6.71	3.35	17.63	2.00	1289.46	1300.27	1303.34	0.0
45	Shipping and Transport (11)	1967.46	+2.2	6.82	4.04	17.76	0.00	1925.64	1968.37	1958.82	1628.02
47	Telephone Networks (2)	969.89	+0.9	9.64	3.97	14.14	1.09	961.43	972.40	977.67	1048.60
48	Miscellaneous (24)	1290.97	+0.8	9.39	3.26	12.00	3.23	1281.02	1303.43	1325.86	993.20
49	INDUSTRIAL GROUP (482)	1050.09	+0.5	7.04	3.02	17.99	2.84	1044.44	1054.61	1056.92	830.42
51	Oil & Gas (18)	1711.02	+0.7	9.91	5.32	12.75	19.18	1698.88	1706.82	1712.03	1139.50
59	500 SHARE INDEX (500)	1105.54	+0.6	7.43	3.33	17.04	4.27	1099.32	1109.27	1111.83	858.51
61	FINANCIAL GROUP (117)	678.34	+1.0	—	4.28	—	5.01	671.76	680.24	680.32	578.07
62	Banks (8)	724.03	+0.2	18.27	5.28	7.52	12.84	722.45	738.86	737.87	562.39
65	Insurance (Life) (9)	974.03	+1.2	—	3.98	—	0.00	962.81	964.48	968.58	906.18
66	Insurance (Composite) (7)	541.50	+2.8	—	4.39	—	2.02	526.56	537.18	534.94	476.38
67	Insurance (Brokers) (9)	1171.73	+0.6	8.22	4.52	15.82	13.35	1164.22	1192.34	1203.10	1286.39
68	Merchant Banks (11)	368.42	–0.3	—	3.12	—	0.02	369.35	377.44	378.22	346.56
69	Property (47)	885.59	+1.4	5.42	3.33	24.02	0.96	873.75	872.38	873.11	729.42
70	Other Financial (26)	439.99	+0.4	7.32	3.48	17.47	1.86	438.02	436.03	435.43	335.17
71	Investment Trusts (96)	968.52	+0.2	—	2.43	—	4.06	966.53	972.25	973.53	709.38
81	Mining Finance (2)	373.59	–0.5	8.20	4.40	14.34	1.89	375.47	386.78	386.58	276.45
91	Overseas Traders (12)	882.86	—	9.29	5.08	13.04	10.04	882.74	896.87	894.74	679.90
99	ALL-SHARE INDEX (727)	989.66	+0.6	—	3.46	—	4.42	983.81	993.38	995.25	776.85

	Index No.	Day's Change	Day's High	Day's Low	March 9	March 6	March 5	March 4	March 3	Year ago
FT-SE 100 SHARE INDEX ♣	1987.7	+14.0	1987.9	1965.7	1973.7	1998.2	2002.8	2002.7	1998.3	1597.1

FIXED INTEREST

	PRICE INDICES	Tue March 10	Day's change %	Mon March 9	xd adj. today	xd adj. 1987 to date
	British Government					
1	5 years	123.55	+0.28	123.20	—	1.79
2	5-15 years	142.33	+0.80	141.21	—	2.69
3	Over 15 years	150.60	+1.12	148.94	—	2.60
4	Irredeemables	166.13	+0.40	165.47	—	1.62
5	All stocks	138.58	+0.69	137.63	—	2.38
	Index-Linked					
6	5 years	119.11	+0.09	119.00	—	0.83
7	Over 5 years	120.39	+0.10	120.45	0.19	0.88
8	All stocks	120.17	+0.10	120.21	0.16	0.86
9	Debentures & Loans	123.53	+0.04	123.48	—	1.57
10	Preference	85.15	+0.17	85.01	—	0.68

	AVERAGE GROSS REDEMPTION YIELDS		Tue March 10	Mon March 9	Year ago (approx.)
	British Government				
1	Low	5 years	8.31	8.39	8.90
2	Coupons	15 years	9.10	9.22	9.09
3		25 years	9.12	9.24	9.10
4	Medium	5 years	9.30	9.44	9.96
5	Coupons	15 years	9.29	9.43	9.48
6		25 years	9.29	9.43	9.26
7	High	5 years	9.37	9.53	10.05
8	Coupons	15 years	9.44	9.56	9.65
9		25 years	9.27	9.39	9.33
10	Irredeemables †		9.06	9.09	9.09
	Index-Linked				
11	Inflat'n rate 5%	5 yrs	2.56	2.60	4.36
12	Inflat'n rate 5%	Over 5 yrs	3.41	3.42	3.75
13	Inflat'n rate 10%	5 yrs	0.94	0.98	3.34
14	Inflat'n rate 10%	Over 5 yrs	3.26	3.26	3.60
15	Debs &	5 years	10.08	10.11	10.63
16	Loans	15 years	10.23	10.23	10.50
17		25 years	10.24	10.25	10.36
18	Preference †		11.04	11.06	11.75

♣ Opening index 1965.8; 10 am 1972.7; 11 am 1979.3; Noon 1986.2; 1 pm 1983.0; 2 pm 1981.3; 3 pm 1979.8; 3.30 pm 1977.8; 4 pm 1980.8

† Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A new list of constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London EC4P 4BY, price 15p, by post 28p.

LONDON TRADED OPTIONS

Option		Calls Apr.	Calls Jly.	Calls Oct.	Puts Apr.	Puts July	Puts Oct.
Allied Lyons (*400)	330	77	85	95	1	4	5
	360	50	63	73	4	11	13
	390	27	42	35	15	22	27
	420	12	24	35	27	35	38
Brit. Airways (*120)	90	31	34	37	0½	1½	3
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Option		Calls May	Calls Aug.	Calls Nov.	Puts May	Puts Aug.	Puts Nov.
Guinness (*319)	280	48	60	72	4	15	15
	300	35	52	63	15	23	28
	330	22	37	45	30	40	40
	360	8	20	—	52	55	—
Ladbroke (*429)	360	73	83	—	2	5	—
	390	48	62	—	6	13	—
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

March 10. Total Contracts 73,750. Calls 57,622. Puts 16,128

FT-SE Index Calls 914 Puts 1,404 *Underlying security price.

LONDON RECENT ISSUES

EQUITIES

Issue Price	Amount Paid Up	Latest Renunc. Date	1986/87 High	1986/87 Low	Stock	Closing Price	+ or –	Net Div.	Times Covered	Gross Yield	P.E. Ratio
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FIXED INTEREST STOCKS

Issue Price £	Amount Paid Up	Latest Renunc. Date	1986/87 High	1986/87 Low	Stock	Closing Price £	+ or –
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

"RIGHTS" OFFERS

Issue Price p	Amount Paid Up	Latest Renunc. Date	1986/7 High	1986/7 Low	Stock	Closing Price p	+ or –
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Burgess Products	[illegible]	[illegible]

[illegible]

WORLD STOCK MARKETS

AUSTRIA

[illegible]

BELGIUM/LUXEMBOURG

[illegible]

DENMARK

[illegible]

FINLAND

[illegible]

NETHERLANDS

[illegible]

GERMANY

[illegible]

ITALY

[illegible]

FRANCE

[illegible]

NORWAY

[illegible]

SPAIN

[illegible]

SWEDEN

[illegible]

SWITZERLAND

[illegible]

AUSTRALIA

[illegible]

AUSTRALIA (continued)

[illegible]

HONG KONG

[illegible]

JAPAN

[illegible]

JAPAN (continued)

[illegible]

SINGAPORE

[illegible]

SOUTH AFRICA

[illegible]

CANADA

TORONTO

Closing prices March 10

[illegible]

MONTREAL

Closing prices March 10

[illegible]

Indices

NEW YORK

[illegible]

OVER-THE-COUNTER *Nasdaq national market, closing prices*

Continued from Page 39

[illegible]

LONDON Chief price changes (in pence unless otherwise indicated)

RISES:		
Treas. 12½pc	126⅞	+1⅛
APV	674	+17
Ab M Vickers	330	+30
BBA	191	+13
Brint Invs.	395	+30
Br Airways	120	+7½
Br Car Parts	313	+43
Gerrard & Nat	368	+14
GRE	905	+32
Hillards	313	+93
Land Secs	368	+12
Low (Wm.)	588	+23
MEPC	351	+11
Mks & Spncr	236	+8
Morrison (Wm.)	249	+20
Mnckl. (A. & J.)	135	+9
P. & O. Defd.	630	+14
Pentland Inds	645	+25
Persimmon	381	+24½
600 Group	131	+15
Union Disc	868	+60
Young Brew. A	353	+13

FALLS:		
Boots	313	−11
Crown TV Prods	60	−8
HK & Shanghai	80½	−6
I C Gas	706	−16
Low & Bonar	270	−6
Oceana Cons.	68	−7
Wolseley	660	−31
Woodh & Rixs	77	−8

INTL. COMPANY NEWS

Supermarkets bidder named as Haft family

By Our Financial Staff

THE wealthy Haft family, which last year made almost $100m on an abortive takeover bid for Safeway Stores, has been confirmed as the unsolicited $1.6bn bidder for Supermarkets General, the east coast US store chain.

On Monday, Supermarkets said it had received a proposal to acquire the company at $41.75 a share. The bidder was at first unidentified but was strongly rumoured to be the Hafts' family controlled Dart Group.

It was later revealed that Mr Herbert Haft, Dart's chairman, proposed merging his company with Supermarkets in a letter to the group last Friday.

Mr Haft said his offer was more than an 85 per cent premium over the price Supermarkets shares have traded at within the last three months. It was also approximately 25 times its estimated 1986 earnings and more than 3½ times book value.

Supermarkets' shares jumped by $6⅞ to $41¾ at Monday's close but in early trading yesterday were quoted at $40⅞, down $⅞.

While Dart's offer was described by Supermarkets as "an unsolicited proposal," the Haft family said they had met Supermarkets' management on several occasions during the past few weeks.

Bermuda re-insurer 'owes at least $43m'

BY ROGER SCOTTON IN BERMUDA

CAMBRIDGE Re-insurance, the failed Bermuda-based subsidiary of Canadian trading group National Sea Products, owes unsecured creditors at least $43m, says a report by the company's liquidators.

The report puts the company's assets at about $21.8m – about $10m lower than an initial estimate in May 1985 after Cambridge became insolvent and was ordered to be wound up at the request of the British colony's authorities. Creditors include about 500 brokers and insurance companies, mostly from North America.

Cambridge was set up in the mid-60s to re-insure fishing trawlers owned by National Sea Products which sells frozen seafoods in Canada and parts of the US.

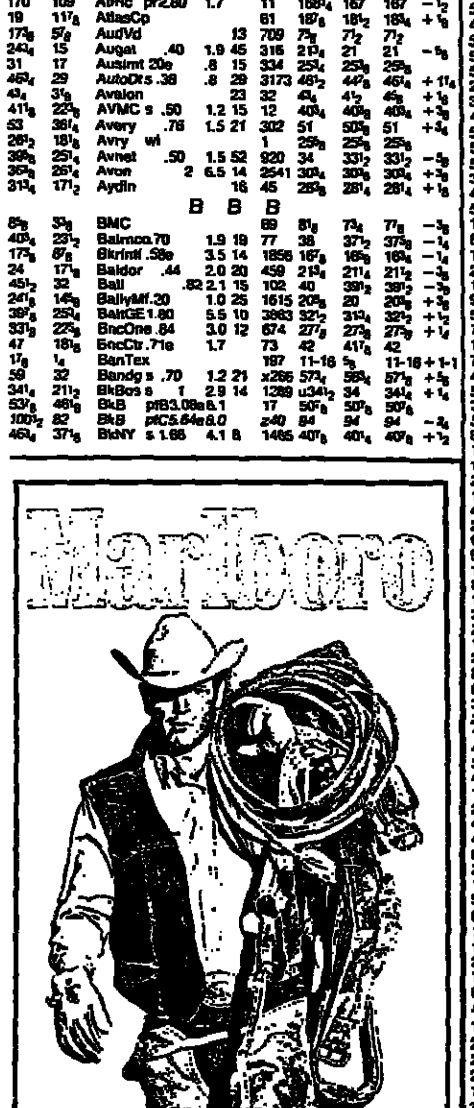
Cambridge later developed into a commercial market re-insurer, underwriting an international portfolio of property and casualty business. It ceased underwriting in April 1984 and was ordered into liquidation a year later.

The liquidators' estimate for unsecured creditors includes a $35m provision for reported losses and a further $8m for re-insurance balances due to brokers and other intermediaries in the US and Europe which channelled business to Cambridge.

The report says the latest assessment of Cambridge's financial position does not include provision for future claims. These were originally estimated at $30.6m but have not been updated in the latest review.

NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

12 Month High	12 Month Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
33	20	AAR s	.50	1.6	23	122	31¾	31⅛	31½	+⅜
34⅝	21⅞	ADT	.92	2.7	20	496	u34½	33⅞	34½	+½
38¾	21	AFG s	.12e	.3	11	222	38¼	37⅞	38¼	
40¼	18¾	AGS			23	96	39⅛	38½	39⅛	
15	6¾	AMCA				1	8½	8½	8½	
9⅝	4⅞	AM Intl				1585 9⅛		8⅝	8⅞	
62⅛	47¼	AMR			13	3610	58⅝	57¼	58¼	+⅜
27½	24½	ANR pf	2.67	10.		2	25⅞	25⅞	25⅞	−⅛
13⅛	8	ARX s			13	363	11⅜	11	11⅛	+⅛
49	28¾	ASA	2a	4.2		1019	47⅞	46⅝	47⅝	+⅞
17⅝	9¾	AVX		2.0		95	16¼	16	16	−¼
32¾	26½	AZP	2.72	8.6	10	1001	31⅞	31½	31¾	−⅛
63⅝	36¾	AbtLb s	.84	1.4	27	3707	62	61⅜	61⅞	+¾
34	25	AccoWd	.62	1.9	21	49	32⅝	32½	32½	−⅛
14⅛	9	AcmeC	.40	3.0	25	359	13⅝	12⅞	13½	+½
9	6⅛	AcmeE	.32b	4.3	25	5	7⅜	7⅜	7⅜	−⅛
23⅞	18½	AdaEx	3.42e	15.		179	22½	22	22¼	−¼
19½	11⅜	AdmM s	.24	1.3	15	81	19¼	18¾	19	−⅛
20⅞	12⅛	AdvSys	.62t	3.0	17	610	u21⅛	19⅞	20⅞	+1¼
32¾	12⅞	AMD				2540	21⅞	21	21⅝	+⅛
10⅝	5¼	Adobe				74	8⅞	8⅝	8¾	+⅛
20	13¾	Adob pf	1.84	9.7		22	19½	19	19	−½
21⅞	16⅜	Adob pf	2.40	11.		16	21¼	21	21⅛	
18⅝	11½	Advest	.12a	.9	10	517	12⅞	11⅞	12⅞	+⅞
68¼	53	AetnLf	2.76	4.1	11	5946	68⅞	65¾	68⅞	+¾
54	51⅛	AetL pf	2.81e	5.4		10	51⅞	51⅞	51⅞	−⅛
49	21⅞	AflPb s	.32	.6	27	195	u49½	48¼	49¼	+½
28¾	18⅞	Ahmns	.88	3.3	8	4560	26½	25⅝	26½	+⅝
5¾	2⅞	Aileen				155	3¾	3½	3½	−⅛
48½	29⅛	AirPrd s	.80	1.8	77	1198	45¼	44⅝	45¼	+¾
35¼	16	AirbFrt	.60	1.9	14	443	31⅜	30⅞	31⅛	−¼
11⅝	7⅜	Airgas n				43	10⅛	10	10	−⅛
20⅝	17⅛	Alrise n	.49e	2.5		55	19½	18¾	19¼	−⅛
17-32	¼	AlMoan				32	13-32	13-32	13-32	−1-32
28	25⅝	AlaP pf	1.82e	7.0		225	26⅛	26⅛	26⅛	+⅛
10¾	8⅞	AlaP dpf	.87	8.4		13	10½	10⅜	10⅜	
108½	95	AlaP pf	9	8.7		z50	103⅛	103⅛	103⅛	
108	97	AlaP pf	9.44	9.0		z100	105⅝	105⅝	105⅝	−⅞
27⅞	14¼	AlskAir	.16	.6	18	1289	26¼	25½	25⅞	+½
25	13½	Alberto s	.24	1.1	31	13	22½	22⅜	22½	
23¼	13½	AlbCul	.24	1.2	27	52	20½	20	20	−⅜
50¼	32⅛	Albtsns	.96	2.0	16	373	49⅛	48⅝	48⅞	−⅛
38¾	27⅝	Alcan	.80	2.2	17	3502	37½	36¾	37	−⅝
51	37	AlcoStd	.28	2.6	19	390	51	50½	51	+⅞
42⅝	24¼	AlexAlx	1	3.5	27	1815	28⅝	28¼	28⅜	+⅛
49	34½	Alexdr			126	16	43	42¾	43	
88	65½	AllegCp				120	86	85¾	85¾	
25¼	11⅜	AlgInt				1122	524¼	24⅛	24⅛	+⅛
19¾	8½	AlgIn pr				730	19¼	19⅝	19⅝	−⅛
93½	39	Algl pfC				1987	86⅛	85¾	86	+⅜
53⅞	36½	AllgPw	2.92	6.7	11	x2982	43¾	42¾	43⅝	−½
27¼	14½	AllenG	.56	3.1		208	18⅝	18⅛	18¼	+⅛
28⅞	20⅞	Allen pf	1.75	7.6		580	23⅜	23	23⅛	+⅛
45½	31⅞	AlldPd			14	238	41⅝	41⅜	41⅜	
49½	36¾	AldSgnl	.80b	3.7	15	4178	48⅝	47¾	48¼	−⅛
10⅛	6¼	AlldSup			33	237	10	9⅝	9¾	−¼
6¾	2⅛	AllsCh				442	2¾	2⅝	2¾	
40¾	25¼	AllsC pf				32	31	30½	30⅝	+¼
47¼	32½	ALLTL	2.04	5.0	17	106	41¾	41	41⅛	−⅜
46	32⅝	Alcoa	1.20	2.8		5821	43¾	42⅝	42⅞	−1⅛
18⅜	10½	Amax			358	2382	18	17½	17⅞	+⅛
29¾	16½	AmHes				1858	28⅞	28½	28⅝	+⅛
1⅞	½	AmAgr				187	1	⅞	15-16	
28¼	6½	ABrck g				1019	26⅞	25⅞	26¾	+¼
53	36⅝	ABrnd s	2.08	4.2	16	1013	49⅝	48¾	49⅛	+⅜
34⅞	32	ABrd pf	2.75	8.2		254	33¾	33⅝	33⅝	
106	75	ABrd pf	2.67	2.7		1	99	99	99	−4
29	21⅛	ABldM	.90	3.7	16	23	24½	23⅞	24¼	+⅜
36⅞	23¼	ABusPr	.80	2.7	16	7	29¼	29¼	29¼	−¼
10[illegible]	68⅝	AmCan	2.90	3.0	13	3597	99½	97	98¼	+⅞
53½	34¼	ACan wi				26	50	49¼	49⅝	+⅜
91⅝	80	ACan pf	3	3.5		10	85½	85½	85½	−1¼
119½	113	ACan pf	13.75	12.		43	115	114⅝	115	+⅜
25⅝	21½	ACapBd	2.20	9.6		132	23⅛	22¾	23	−⅛
35⅞	29⅝	ACapCv	5.82e	17.		38	35	34¼	34⅝	−⅛
24⅞	14⅝	ACMR	1a	4.6	14	36	21¾	21⅝	21⅝	−⅛
7⅞	3⅜	ACentC				152	4	3⅞	4	+⅛
98	63	ACyan	1.90	2.0	22	629	95⅛	94¼	94⅞	+⅝
31⅝	24⅝	AEIPw	2.26	7.7	11	2506	29¼	29⅛	29¼	+⅛
80½	53¾	AmExp	1.44	1.8	14	16488	79¼	77¼	79	+2⅛
18⅝	11⅜	AFaml s	.22	1.6	11	1607	13⅞	13⅝	13⅞	+⅛
46¾	34⅛	AGnCp	1.25	2.9	10	1974	43½	43⅛	43½	+¼
24	15½	AGnl wt				275	20½	20⅛	20½	+⅛
54⅝	51⅝	AGnl pfA	4.04e	7.8		187	52⅛	52	52⅛	−⅛
20	18	AHltP n				182	18⅞	18⅝	18⅝	−⅛
43⅞	38	AHerit	1.32	3.1	8	x1	42½	42½	42½	
10⅞	6⅛	AHoist				24	8⅛	8	8	
25¼	18¾	AHoist pf	1.95	9.5		52	20½	20⅜	20½	+⅛
94⅞	71¾	AHome	3.34	3.7	17	1817	90⅛	89½	89¾	+¼
101½	74½	Amrtc s	5	5.6	11	2850	88¾	88	88½	+½
79⅝	54⅞	AInGr s	.25	.3	16	1125	78½	77	77¼	−1
23⅛	13⅝	AMI	.72	3.8		6506	19½	18⅞	19⅛	−⅜
5	2½	AmMot				1538	3⅝	3½	3⅝	+⅛
35	22	AMotr pf	2.38	6.6		7570	u36	35½	36⅛	+1¼
38⅛	17½	APresd	.50	1.5	48	353	33¾	33½	33¾	−⅛
72½	48½	APrsd pf	3.50	5.1		1	69¼	69¼	69¼	−½
19⅝	10¾	ASLFla			3	6	16⅞	16¾	16⅞	+⅛
24⅝	19⅛	ASLFl pf	2.19	9.5		17	23⅜	23⅛	23⅛	−¼
12½	7⅜	AShip	.40	5.0	14	71	8⅛	8	8	
50	36	AmStd	1.60	3.4	9	1736	47¼	46⅝	47	
71¼	51⅝	AmStor	.84	1.2	18	836	68¼	66¾	67¼	
81	63¼	AStr pfA	4.38	5.9		829	74	73½	74	+¾
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]



Continued on Page 39

NYSE COMPOSITE CLOSING PRICES

Continued from Page 38

12 Month High	12 Month Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
[illegible]	[illegible]	Orient				447	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	OrionC	.76	2.7		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	OrionCpf	1.12	7.9		x114	27	[illegible]	27	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	Zapata				259	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	Zayre s	.32	1.0	21	5911	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	Zemex	.40	3.1	8	60	13	[illegible]	13	[illegible]
[illegible]	[illegible]	ZenithE				1881	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	8	ZenLb s			77	2593	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	Zero	.36	1.9	20	46	[illegible]	[illegible]	19	[illegible]
[illegible]	[illegible]	Zurnin	1.32	2.6	20	294	[illegible]	[illegible]	50	[illegible]
[illegible]	[illegible]	Zweig n	.10e	1.0		806	[illegible]	[illegible]	[illegible]	[illegible]

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 per cent or more has been paid, the year's high-low range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividends are annual disbursements based on the latest declaration.

a-dividend also extra(s). b-annual rate of dividend plus stock dividend. c-liquidating dividend. cld-called. d-new yearly low. e-dividend declared or paid in preceding 12 months. g-dividend in Canadian funds, subject to 15% non-residence tax. i-dividend declared after split-up or stock dividend. j-dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k-dividend declared or paid this year, an accumulative issue with dividends in arrears. n-new issue in the past 52 weeks. The high-low range begins with the start of trading. nd-next day delivery. P/E-price-earnings ratio. r-dividend declared or paid in preceding 12 months, plus stock dividend. s-stock split. Dividends begin with date of split. sls – sales. t-dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u-new yearly high. v-trading halted. vi-in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd-distributed. wi-when issued. ww-with warrants. x-ex-divident or ex-rights. xdis-ex-distribution. xw-without warrants. y-ex-dividend and sales in full. yld-yield. z-sales in full.

AMEX COMPOSITE CLOSING PRICES

Stock	Div.	P/E	Sls 100s	High	Low	Close	Chng
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

OVER-THE-COUNTER

Nasdaq national market, closing prices

Stock	Sales (Hnds)	High	Low	Last	Chng
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Continued on Page 37

FINANCIAL TIMES

WORLD STOCK MARKETS

AMERICA

Blue chips make good attempt at recovery

WALL STREET

BLUE CHIPS led a recovery of Wall Street stock prices yesterday from the tumble they took on Monday and pushed two broad market indices to records, *writes Roderick Oram in New York.*

In contrast, bond markets continued to mark time waiting for further economic news. Prices edged a fraction lower on light volume.

The Dow Jones industrial average closed up 19.97 points at 2,280.09, only 0.14 point of the record set last Friday, with most of the gains coming in the last hour. After opening lower than the previous close, blue chips picked up steam in mid morning led by IBM, up $4 to $142⅞, and American Express, up $2 to $78⅞, which were boosted by analysts recommendations.

A number of other Dow constituents were strong. Merck advanced $1⅛ to $160⅛. Philipp Morris added $⅞ to $85¾ and American Can gained $⅞ to $98¼. The buying spilled over into other quality stocks which drove broader market indices higher. The Standard & Poor's 500 added 2.56 to 290.86 while the New York and American stock exchange composite indices rose 1.32 to a record 165.57 and by 1.59 to 329.50 respectively.

NYSE trading volume expanded slightly to 174.8m shares from 165.4m on Monday with advancing issues outpacing those declining by a margin of five to three.

The upturn in IBM shares helped buoy computer and semiconductor stocks generally. Digital Equipment added $2½ to $170, Unisys advanced $1¾ to $102⅞, COMPAQ Computer rose $1¾ to $32⅞, National Semiconductor added $⅛ to $15¼, Texas Instruments rose $⅞ to $165⅞ and Advanced Micro Devices gained $⅛ to $21⅜ althouth Motorola slipped $⅛ to $50⅞.

American Motors gained a further $⅛ to $4⅞ following Monday's news of a takeover offer from Chrysler, which added $1 to $54⅞ yesterday.

TWA, down $⅛ to $27⅞ said it was reconsidering its 15 per cent holding in USAir, off $1 to $46⅞, following the agreement by Piedmont Aviation to be taken over by USAir. TWA made an offer to buy USAir last week but has run into several regulatory and legal obstacles in addition to the USAir-Piedmont deal.

Supermarkets General fell $⅞ to $41⅛ after rising strongly the previous session. Dart Group, up $1½ to $169 in the over-the-counter market, launched a $41.50 a share takeover bid for it on Monday.

Harper & Row, the book publishers, jumped $9¼ to $34¼. Mr Theodore Cross, its largest individual shareholder, offered $34 a share for the company.

Reebok advanced $4¼ to $41¾ on volume of more than 1.75m shares by early afternoon. The fast-growing athletic and casual clothing and shoe group announced the $180m takeover of Avia, an Oregon competitor.

International Paper rose $2 to $99⅞. It split its stock two-for-one and said it would pay shareholders 5 cents per new share to redeem a shareholders rights plan which it will replace with one "more accurately reflecting the long term value of the company."

Fluor, the process plant and mining group, was unchanged at $14¼ despite announcing a first quarter loss of $33.3m against a profit of $6.6m a year earlier.

Gulf & Western put on $¼ to $80½. It reported first quarter profit of $1.11 a share against 55 cents a year earlier.

Credit markets continued to drift, hindered by the uncertainty of economic outlook, a mixed performance by the dollar and a firmer Fed funds rate.

The price of the 7.50 per cent benchmark Treasury long bond dipped $^{3}/_{16}$ of a point to $99^{27}/_{32}$ at which it yielded 7.52 per cent. Shorter maturities were similarly a fraction lower.

One sign of the markets doldrums was the announcement by Chrysler that its pension fund was considering shifting $1bn of its assets from bonds to stocks. The car maker's fund was renowned for its strong philosophical commitment to bonds and for maintaining an unusually heavy proportion of its money in them even while stock markets have been enjoying a four-and-a-half year rally. The fund hopes to cut the allocation of its $3.5bn of assets to 35 per cent bonds from the present 70 per cent.

As a first stage, it solicited yesterday a handful of investment banks for their offers on a list of $500m of corporate bonds. It said it would decide today which, if any, it would sell. Mr Fred Zuckerman, Chrysler's treasurer, said the move was unrelated to Chrysler's proposed $1.1bn purchase of American Motors.

CANADA

A BRISK RETREAT was staged by gold issues in active Toronto trading.

Placer Development lost C$⅞ to C$42 and Lac Minerals traded C$½ down to C$41. Elsewhere Noranda, which is spinning off its forestry interests, gained C$⅞ to C$29½.

Banks proved the weak spot in Montreal as utilities and industrials gained ground.

Tim Dickson reviews the recent dynamism of the Belgian bourse

UK lends weight to Brussels record push

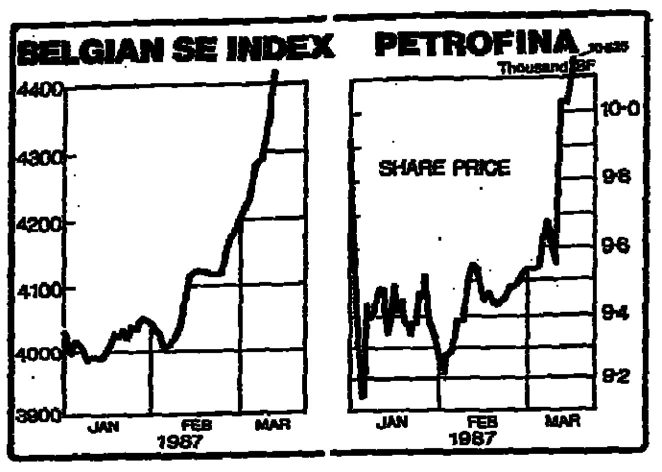
A LEADING London merchant bank recently published a flattering note on Belgium's third largest supermarket chain Colruyt – but mistakenly told clients that the company's capitalisation was 10 times greater than its actual size. As a result, one Brussels stockbroker complained yesterday, the subsequent buying orders were "crazy" and "out of all proportion to the shares readily available in the market place."

The story illustrates the occasionally heavy handed nature of foreign buying sprees on the Belgian bourse, the latest of which in the last few weeks has helped power the market to new highs. Last night the Brussels Stock Exchange Index closed at 4417, up almost 60 points on the day and between 6 and 7 per cent up on its level at the beginning of the year. The more narrowly based BBL index of 30 leading stocks closed at 321, a 10 per cent gain so far this year.

Overseas attention, mostly from London, has as usual focused on the larger more actively traded stocks such as Solvay, the chemicals concern which recently published good results and an optimistic statement for the current year; GB Inno, the supermarket chain which has been actively seeking non-Belgian investors; and above all Petrofina, the oil exploration group which registered another big jump yesterday of BFr 225 to BFr 10,525, against BFr 9,410 in early January.

Interest in Petrofina is inspired in largely by the intriguing battle for Imperial Continental Gas, the British company which has received rival parital offers from SHV, a private Dutch company, and from two of Belgium's biggest holding companies Société Générale de Belgique (via Tractabel) and Groupe Bruxelles Lambert.

Interest centres on IC Gas' Belgian investments, including a 7.2 per cent stake in Petrofina, and in pesonality terms appears to pit Mr Pierre Scohier of Cobepa (who stands to gain from the share out from a SHV victory) against GBL's colourful leader, Mr Albert Frere. GBL and Société Générale between them have about 18 per cent of Petrofina and have long been known to be keen to increase their shareholding to around 25 per cent.



Local analysts believe that foreign investors generally have been attracted by the relatively high yields and low price earnings ratios in Brussels – still only 12 at the beginning of the month based on prospective earnings, says BBL – and by an eagerness to jump on to an attractive looking bandwagon. "There is a feeling that Brussels could be one of the markets of 1987 and everybody wants to be in," said Mr Frederic van Swieten, of stockbrokers Dewaay last night.

One reason for confidence, say locals, is the "weight of money" theory based on the large amounts of money subscribed last month under the new Belgian pension savings plan. The authorities reckon that BFr 16bn to BFr 17bn flowed into the mutual funds and insurance plans set up to take advantage of the country's latest tax shelter opportunity and analysts estimate that this will double by the end of the year. Under the rules, about BFr 10bn must be used to buy local Belgian shares.

Since the beginning of 1982 investors in Brussels have enjoyed an annual total return of roughly 33 per cent in local currency terms – only bettered by Madrid and Paris over the same period – for those investing with Belgian francs.

EUROPE

Profit-takers keep eye on dollar

APART from the record in Brussels, European bourses traded mixed under the influences of profit-taking, a steady dollar and strong domestic factors.

Frankfurt was hit by profit-taking, especially late in the session, and most share prices closed lower. Analysts said the large number of new issues being placed in the market was also depressing prices.

Trading, however, was fairly quiet, with many investors still cautious about the dollar's prospects.

The Commerzbank index was 5.2 lower at 1,750.5.

Cars suffered particularly from the technical reaction to recent gains, with BMW off DM 3 to DM 487 and VW down DM 7.80 to DM 348.20 before the announcement that it proposes an unchanged dividend on flat 1986 earnings despite currency losses of DM 480m.

Daimler Benz dropped DM 21 to DM 950 amid rumours of management changes and fears that car production could fall by 120 cars a day from tomorrow if the overtime dispute continues. However, Porsche edged up 50 pfg to DM 870 against the trend.

The engineering sector saw Deutsche Babcock shed DM 11.50 to DM 230 on news that a consortium of West German banks had bought Iran's 25.2 per cent holding in the company to place with investors. Deutsche Babcock's 1986 results are due next week.

Chemicals were mixed and utilities slightly higher.

Builder Hochtief rose DM 10 to DM 785, partially reversing its losses in the wake of Deutsche Bank's announcement last week that it was placing a 25 per cent holding at DM 760 a share.

Bonds were little changed in the absence of foreign investors. The Bundesbank bought DM 83.6m worth of paper after buying DM 95.5m on Monday.

Paris also encountered another bout of profit-taking, with sentiment dampened by Wall Street's overnight setback. The announcement of French bourse reforms and the small size of the money market rate cuts on Monday were seen as contributing to the bearish mood.

The CAC General index fell 5 to 438, while the Indicateur de Tendance was 1.8 lower at 111.0.

Amsterdam was mainly mixed but internationals rose on the steady dollar. Akzo put on Fl 1.30 to Fl 138 rose Fl 1.10, KLM to Fl 42.80 and Royal Dutch added 50 cents to Fl 227.10.

Publisher VNU rose Fl 5 to Fl 320 after an increased in 1986 profits.

Stockholm pushed ahead strongly with its recovery on good corporate results and hopes for further interest rate cuts. In heavy trading, the Veckans Affarer all-share index closed 4 higher at 927.7 while the J&P rose 16 to 2,514.50.

Ericsson, one of whose subsidiaries has won a $40m contract to supply computers to the West German Bundespost, added SKr 2 to SKr 251.

Oslo also had a heavy session, rising on optimism about low 1987 wage agreements.

Milan was mixed to higher in moderate trade as many investors waited to see if Mr Andreotti succeeds in forming a new government.

Pafinvest, a Montedison shareholder, added L270 to L3,200 amid market rumours. The Ferruzzi group later confirmed it had increased its stake in Montedison by buying a 50.2 per cent holding in Pafinvest. Montedison added L20 to L2,820.

Zürich was mixed in directionless trading. Engineer Brown Boveri, which has won a SFr 90m US order for power plant components, eased SFr 20 to SFr 1,750.

Madrid fell in heavy profit-taking led by construction stocks.

LONDON

THE UK securities markets took a fresh look at Monday's bank base rate cuts and recovered strongly on the view that further reductions could not be long delayed.

Consumer stocks led a rally throughout leading shares and the FT-SE 100 index closed 14 higher at 1,987.7, while the FT Ordinary index was 10.1 up at 1,586.4.

Government bonds surged ahead on strong domestic and foreign demand to end with gains of 1¼ points in long maturities. This puts a prospective premium of around ⅞ on the new £1bn tap stock which opens for trading this morning. Details, Page 36

SOUTH AFRICA

GOLD SHARES continued to ease in Johannesburg on the firmer dollar and weaker bullion price, while industrial stocks were mixed.

Diamond stock De Beers lost R2.50 to R39.50 as the market registered disappointment despite its record profits last year.

Platinums and mining financials mirrored lower golds, with Rustenburg Platinum down R1.40 to R48.60 and Anglo American R2.25 lower at R67.

Among golds, Driefontein lost R2 to R66.75 and Vaal Reefs R7.50 to R340.

ASIA

Nikkei surges to new peak on Aids speculation

TOKYO

AIDS-RELATED issues surged in active Tokyo trading that took the market to a new peak, *writes Shigeo Nishiwaki of Jiji Press.*

The Nikkei average advanced 48.06 to a record 21,214.46, edging past the previous record of 21,176.03 set last Thursday. Large-capital issues recovered popularity in the afternoon, expanding transactions from 756m shares to 1.20bn. Losses led gains 450 to 406, with 156 issues unchanged.

Investors renewed buying of Aids-related stocks. This category now comprises more than 100 issues, covering most chemicals, pharmaceuticals and chemical fibre stocks. Current stock market sentiment is such that investors are not genuinely concerned whether companies are making real efforts to develop anti-Aids agents, said one analyst. In fact, he added, the vaguer their Aids-related work is, the more speculative interest they draw.

Sumitomo Chemical, active with 48.80m shares traded, gained Y48 to Y905. The sharp rise unleashed buying of Aids issues. Teijin jumped Y50 to Y830 and Toyobo Y37 to Y551 in active trading.

Nippon Zeon soared Y100 to Y954 and Morinaga Milk Industry Y100 to Y858, while Toyo Menka added Y13 to Y351 and Nissin Food Products Y190 to Y4,170. However, Ajinomoto, a leading player among Aids stocks together with Sumitomo Chemical, lost Y30 to Y3,700 under profit-taking pressure after advancing an early Y100. Its trading volume also shrank to 7.21m shares. Market observers said investors are cautious about Ajinomoto's high price, which has doubled from a recent low.

In the afternoon, heavy buy orders were placed for Nippon Steel, encouraging investors again to seek steels and shipbuildings. Nippon Steel, most active with 161.83m shares, climbed Y9 to Y300, Kobe Steel went up Y19 to Y310 and Mitsubishi Heavy Industries Y22 to Y577.

Recovering product prices and an improved stock supply-demand situation spurred buying of some chemicals, sending Showa Denko up Y12 to Y607 and Ube Industries Y41 to Y397.

Bond prices turned down. On expectations of a drop in short-term interest rates towards the end of the month and a bond price increase, dealers bought the 5.1 per cent government bond due in June 1996, pushing its yield down to 4.675 per cent temporarily from Monday's 4.690 per cent. But later profit-taking selling sent it back to 4.710 per cent. Reports of a base rate cut by UK commercial banks and a cut in the French official discount rate failed to have any impact on the market.

SINGAPORE

A FRESH RECORD was scored in moderate Singapore trading as the Straits Times industrial index gained a further 5.88 points to 1,082.89. Bargain hunting persisted among blue chip stocks although much of the day's activity focused on lower priced Malaysian issues. Turnover rose to 44.3m shares from 41m on Monday.

Malaysia Resources, most active again on trade of 1.5m shares, dipped ½ cent to 37 cents, while Roxy Electric added 7 cents to S$1.30 on 1.3m shares.

Trading in DBS, the country's largest bank, was suspended ahead of its better-than-forecast earnings for 1986. Other banks firmed: OCBC picked up 5 cents to S$10.00; Malayan Banking closed 10 cents stronger at S$7.05 although OUB was steady at S$3.74.

HONG KONG

THE SHAKEOUT resumed in Hong Kong after Monday's brief attempt to rally and the Hang Seng index plunged a fresh 89.33 points to 2,731.05.

Hongkong Bank dropped 40 cents to HK$10.30 despite expectations, confirmed after the close, that it would report a surge in profits to over HK$3bn.

Among other leaders, falls of HK$1.50 were recorded by Cheung Kong at HK$42.75 and Hutchison Whampoa at HK$52.50.

Hang Seng index futures fell also with March contracts off 75 points to 2,799, April off 76 at 2,842 and May 74 lower at 2,888.

AUSTRALIA

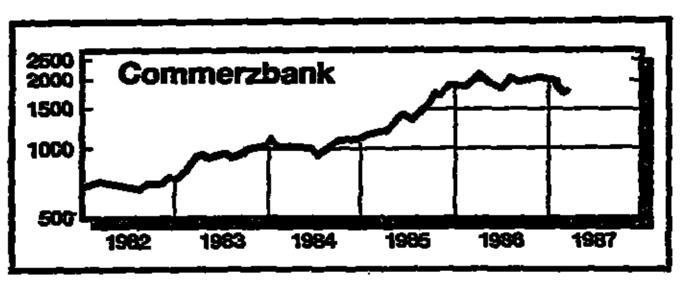
WEAKER industrial and gold issues pushed Sydney slightly lower as the All Ordinary index lost 5.7 to 1,635.3.

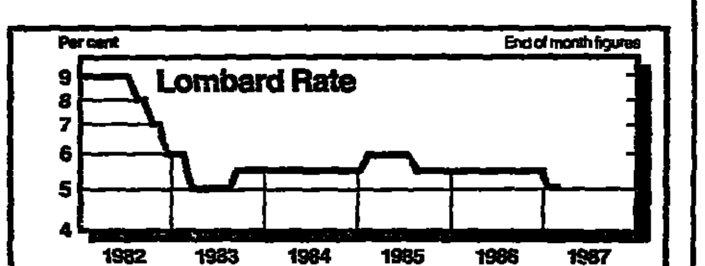
Selling was encouraged by higher industry wage rates and lower bullion prices.

Bargain hunters surfaced in late trading but losses among media, banking and leading industrial issues were hard to reverse. News Corp dropped 30 cents to A$24.00, Bell Group lost 20 cents to A$10.00 and Fairfax at A$14.60 was 10 cents down.

Among banks, National suffered the most with its 8 cent fall to A$5.36, while Central Norseman among gold stocks was 50 cents cheaper at A$14.

KEY MARKET MONITORS





STOCK MARKET INDICES

	Mar 10	Previous	Year ago
NEW YORK			
DJ Industrials	2,280.09	2,260.12	1,702.95
DJ Transport	949.01	944.77	793.06
DJ Utilities	217.47	217.76	182.81
S&P Comp.	290.86	288.30	226.58
LONDON FT			
Ord	1,586.4	1,576.3	1,326.8
SE 100	1,987.7	1,973.7	1,572.2
A All-share	989.66	983.81	776.85
A 500	1,105.54	1,099.32	858.51
Gold mines	322.2	329.6	322.5
A Long gilt	9.27	9.39	9.43
TOKYO			
Nikkei	21,214.46	21,166.4	14,056.5
Tokyo SE	1,824.30	1,821.45	1,129.39
AUSTRALIA			
All Ord.	1,635.3	1,640.9	1,055.0
Metals & Mins.	791.3	800.9	508.7
AUSTRIA			
Credit Aktien	204.63	204.28	229.75
BELGIAN SE	4,417.0	4,357.76	3,300.04
CANADA			
Toronto			
Met.& Mins.	2,525.3	2,533.6	2,331.0
Composite	3,614.0	3,611.4	2,626.3
Montreal			
Portfolio	1,802.50	1,803.07	1,491.26
DENMARK SE	—	199.01	237.28
FRANCE			
CAC Gen	438.00	443.00	317.4
Ind. Tendance	1,750.50	112.80	76.4
WEST GERMANY			
FAZ-Aktien	579.18	582.75	666.10
Commerzbank	1,750.50	1,755.70	2,018.5
HONG KONG Hang Seng	2,731.05	2,820.38	1,667.07
ITALY Banca Comm.	681.00	678.75	592.84
NETHERLANDS ANP CBS			
Gen	269.40	269.70	254.1
Ind	251.10	250.80	246.6
NORWAY Oslo SE	400.66	397.31	350.72
SINGAPORE Straits Times	1,082.80	1,077.20	607.72
SOUTH AFRICA JSE			
Golds	—	1,872.0	1,199.7
Industrials	—	1,616.0	1,151.5
SPAIN Madrid SE	236.04	240.79	136.58
SWEDEN J & P	2,514.50	—	1,934.72
SWITZERLAND Swiss Bank Ind	590.30	—	578.7
WORLD MS Cap. Int'l March 9	417.2	419.2	285.1

COMMODITIES (London)

	March 10	Prev
Silver (spot)	348.45p	354.39p
Copper (cash)	£904.75	£892.50
Coffee (May)	£1,315.00	£1,310.00
Oil (Brent)	$17.75	$17.675

GOLD ($/oz)

	March 10	Prev
London	$406.00	$404.50
Zürich	$405.25	$404.75
Paris (fixing)	$405.82	$407.21
Luxembourg	$405.00	$405.50
New York (April)	$408.30*	$406.50

CURRENCIES (London)

	US DOLLAR Mar 10	US DOLLAR Previous	STERLING Mar 10	STERLING Previous
$	–	–	1.5845	1.5880
DM	1.8555	1.8550	2.94	2.945
Yen	153.60	153.80	243.5	244.25
FFr	6.175	6.1725	9.785	9.8025
SFr	1.5625	1.5650	2.475	2.485
Fl	2.0985	2.0960	3.325	3.3275
Lira	1.318	1.318	2.088	2.093
BFr	38.40	38.45	60.85	61.05
C$	1.3350	1.3345	2.1155	2.1185

INTEREST RATES

	Mar 10	Prev
Euro-currencies (3-month offered rate)		
£	10⅛	10¼
SFr	4¼	4¼
DM	4	4$^{1}/_{16}$
FFr	8¼	8$^{5}/_{16}$
FT London Interbank fixing (offered rate)		
3-month US$	6⅜	6⅜
6-month US$	6½	6½
US Fed Funds	6$^{3}/_{16}$*	6
US 3-month CDs	6.05*	6.325
US 3-month T-bills	5.65*	5.79

FINANCIAL FUTURES

CHICAGO	Latest	High	Low	Prev
US Treasury Bonds (CBT) 8% 32nds of 100%				
Mar 10				
March	101-12	101-17	101-06	101-11
US Treasury Bills (IMM) $1m points of 100%				
March	94.35	94.38	94.34	94.37
Certificates of Deposit (IMM) $1m points of 100%				
March	–	–	–	93.97
LONDON				
Three-month Eurodollar $1m points of 100%				
March	93.52	93.55	93.52	93.54
20-year Notional Gilt £50,000 32nds of 100%				
March	122-13	122-12	121-05	120-24

US BONDS

Treasury

	March 10 Price	March 10 Yield	Prev Price	Prev Yield
6¾ 1989	99$^{15}/_{32}$	6.436	99$^{23}/_{32}$	6.419
7⅜ 1993	99$^{17}/_{32}$	7.024	99$^{28}/_{32}$	7.012
7¼ 1996	100$^{1}/_{32}$	7.219	100$^{2}/_{32}$	7.22
7½ 2016	99$^{27}/_{32}$	7.524	99$^{27}/_{32}$	7.524

Source: Harris Trust Savings Bank

Treasury Index March 10

Maturity (years)	Return index	Day's change	Yield	Day's change
1–30	163.17	+0.23	6.93	–0.03
1–10	154.63	+0.12	6.66	–0.03
1– 3	144.03	+0.07	6.37	–0.03
3– 5	157.57	+0.17	6.71	–0.03
15–30	193.56	+0.59	7.78	–0.03

Source: Merrill Lynch

Corporate

	March 10 Price	March 10 Yield	Prev Price	Prev Yield
AT & T 3⅞ July 1990	93.74	6.00	93.59	6.05
SCBT South Central 10⅞ Jan 1993	105.375	9.68	105.25	9.70
Phibro Sal 8 April 1996	99.75	8.04	99.75	8.04
TRW 8⅞ March 1996	103.97	8.11	103.97	8.11
Arco 9⅞ March 2016	112.75	8.66	112.75	8.66
General Motors 8⅜ April 2016	94.75	8.62	94.75	8.62
Citicorp 9⅜ March 2016	100.625	9.27	100.625	9.27

Source: Salomon Brothers

* Latest available figures